



**CASTLEVIEW**  
PROPERTY FUND

Integrated report  
2018

# AT A GLANCE

## PORTFOLIO

**Regional**

SHOPPING CENTRE

**30 345 m<sup>2</sup>**

GLA

**R374 million**

TOTAL ASSETS

**20 Dec 2017**

LISTED ON 20 DECEMBER 2017 AS A  
RETAIL REIT ON THE JSE'S ALTX

## FINANCIAL HIGHLIGHTS

**33 000 000**

SHARES IN ISSUE

**R5.12**

NET ASSET VALUE PER SHARE

**43.8%**

LOAN-TO-VALUE RATIO

**16.72 cents**

DIVIDEND PER SHARE

# RETAIL REIT

Castleview is a property holding and investment company that is invested in a well-located small regional shopping centre in the Eastern Cape, with a strategy of accumulating a diversified portfolio of retail properties in South Africa over time, providing exposure to consumers from a cross-section of income categories.

Castleview was registered and incorporated on 6 July 2017 as a private company and listed its shares on the Alternative Exchange ("AltX") of the JSE on 20 December 2017.

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# ABOUT THIS REPORT

Castleview Property Fund Limited ("Castleview" or the "company") is pleased to present its first integrated report to shareholders and stakeholders for the period ended 28 February 2018. Castleview was registered and incorporated in South Africa on 6 July 2017.

## KEY DATA

Castleview Property Fund Limited  
 Registration number: 2017/290413/06  
 JSE share code: CVW  
 ISIN: ZAE000251633  
 (Approved as REIT by the JSE)

Castleview is a newly incorporated property holding and investment company that is, through its major subsidiary, FEC Prop Proprietary Limited ("FEC Prop"), invested in a well-located small regional shopping centre in the Eastern Cape, with a strategy of accumulating a diversified portfolio of retail properties in South Africa over time, providing investors with exposure to consumers from a cross-section of income categories.

This integrated report is primarily aimed at shareholders and providers of capital. The integrated report aims to present a balanced, understandable review of the business and provide an integrated assessment of the company's ability to create value over time.

## MATERIALITY

Materiality assessments have been applied in determining the content and disclosure in the report, ensuring that the report is both concise and relevant to Castleview's shareholders. Material issues are considered to be those that could affect the company's ability to create value over time and are likely to have a significant impact on the current and projected revenue and profitability of the business.

The company aims to adopt the guidelines outlined in the International Integrated Reporting Council's ("IIRC") Framework as appropriate in future years. The IIRC Framework includes reporting in terms of the six capitals of value creation, being financial, intellectual, human, manufactured, social and relationship, and natural capital.

## BASIS OF PREPARATION

This report, including the Annual Financial Statements, has been prepared taking account of the following:

- International Financial Reporting Standards ("IFRS")
- SAICA financial reporting guides as issued by the Accountancy Practices Committee
- Companies Act, No. 71 of 2008, of South Africa
- JSE Listings Requirements
- King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™")
- Consideration of certain principles contained in the IIRC's Integrated Reporting Framework

## ASSURANCE

The company's external auditor, Nolands Inc., has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The financial statements have been prepared by Elana Kruger, the financial director of Castleview. The content of the integrated report has been reviewed by the board of directors of the company ("board") and audit and risk committee, but has not been externally assured.

## CORPORATE INFORMATION

Castleview's executive directors are the CEO, James Templeton and the financial director, Elana Kruger, located at Suite 411, The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, or via the fund website [www.castleview.co.za](http://www.castleview.co.za).

Castleview welcomes feedback and any suggestions for the company's future reports. Please forward any comments to James Templeton ([james@castleview.co.za](mailto:james@castleview.co.za)) or Elana Kruger ([elana@castleview.co.za](mailto:elana@castleview.co.za)).

## FORWARD-LOOKING STATEMENTS

This integrated report includes forward-looking statements that take account of inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and Castleview does not undertake to update or revise any of them, whether as a result of new information, future events, or otherwise.

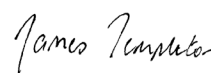
## STATEMENT OF RESPONSIBILITY

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this integrated report.

The annual financial statements included in this integrated report have been audited by the external auditors.



**Richard Volks**  
Chairman



**James Templeton**  
CEO



**Gregg Bayly**  
Chairman Audit and Risk Committee



# GROUP OVERVIEW

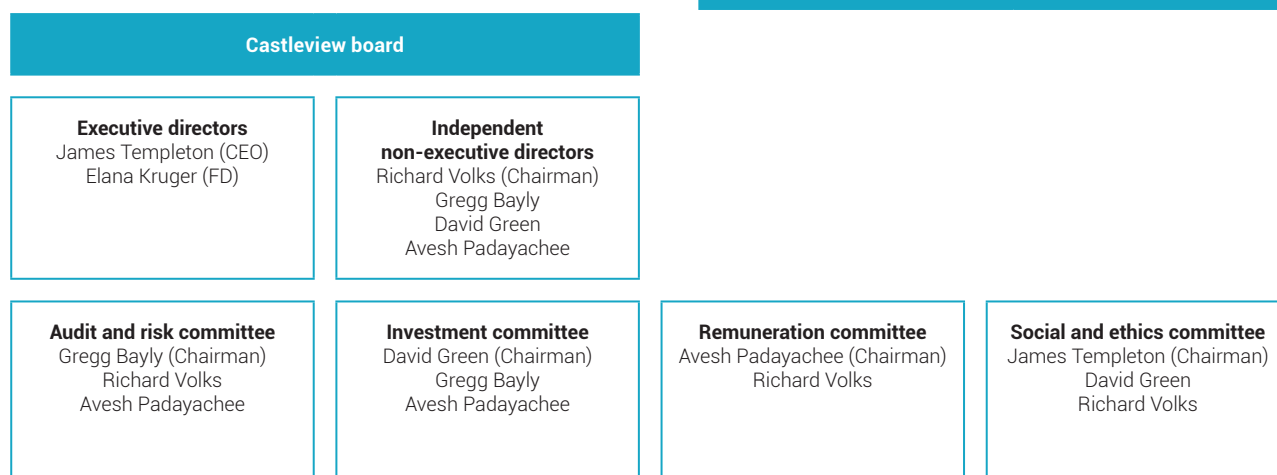
Castleview is a property holding and investment company that is invested in a well-located small regional shopping centre in the Eastern Cape, with a strategy of accumulating a diversified portfolio of retail properties in South Africa over time, providing exposure to consumers from a cross-section of income categories.

Castleview intends to invest in retail properties which are anchored by high-quality national tenants on long term, escalating leases, where opportunities to increase value to shareholders through sound asset management strategies are available. Castleview may also invest in listed property shares in the future.

The company's independent property valuer is Mike Gibbons of Mills Fitchet Magnus Penny.

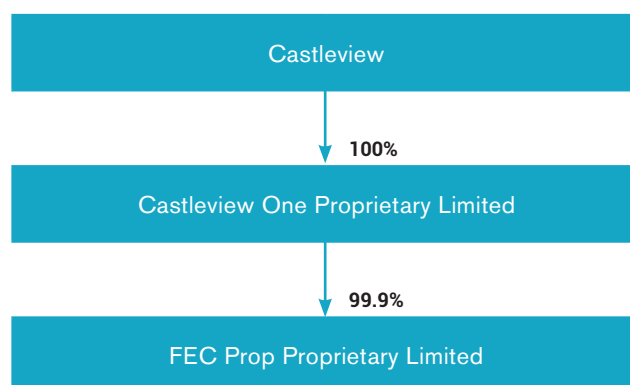
### GOVERNANCE STRUCTURE

The governance structures are set out below.



Castleview currently holds total assets of R374 million and is looking to acquire more assets.

### GROUP'S OPERATIONAL STRUCTURE





# DIRECTORATE

## EXECUTIVE AND NON-EXECUTIVE

### EXECUTIVE DIRECTORS

#### **James William Andrew Templeton (45)**

*BComm (Hons) CFA*

**CEO**

**Appointed: 6 July 2017**

James was employed at Barnard Jacobs Mellet, a prominent South African stockbroker from 1996 to 2003 where he covered various sectors including real estate. James was the chief executive officer of Emira Property Fund, a JSE listed REIT, from 2004 to 2015.

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#### **Elana Kruger (37)**

*BCompt (Hons) CA(SA)*

**FD**

**Appointed: 25 October 2017**

Elana started her career as an audit supervisor at Cape Town accounting firm Nolands Inc. in 2006. After spending a year as an audit senior at haysmacintyre in London in 2007, she spent seven years at AltX listed Ububele Holdings, firstly as group financial manager and later as financial director between 2008 and 2014. She currently provides consulting services to a variety of clients and assumes the position of financial director of Castleview on a part-time basis in accordance with dispensation granted by the JSE.

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### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### **Richard Gordon Volks (77)**

*BA LLB*

**Chairman, independent non-executive director**

**Appointed: 25 October 2017**

Richard was lead property finance attorney for Syfrets Bank and Syfrets Trust between 1984 and 2000 and was also the chairperson of Board for admission of attorneys. He is currently employed as a partner at Smith Tabata Buchanan Boyes specialising in a variety of matters including: Estate planning and Trusts, Conveyancing, commercial, corporate and property law.

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#### **Avesh Padayachee (36)**

*BComm, LLB, MBA*

**Independent non-executive director**

**Appointed: 25 October 2017**

Avesh was a corporate attorney at Webber Wentzel (Linklaters) in Johannesburg between 2005 and 2010. From 2010 to 2012 he completed his MBA at University of Pittsburgh, before founding Fibon Energy, a renewable energy company, in 2012, where he is currently chief executive officer and a director.

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**David James Green (56)**

*BA LLB*

Independent non-executive director

Appointed: 25 October 2017

David is currently the CEO of ProAfrica Property Services and Chairman of listed, Acsion Property Fund. He has been involved in the listed Property arena since 2001 as fund manager for Capital and Centre City property funds which now largely form part of Hyprop. David is an admitted Advocate.

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**Gregory Clifford Bayly (48)**

*BAcc, BComm (Hons), LLB ACMA, CGMA*

Independent non-executive director

Appointed: 25 October 2017

Gregory is currently the chief investment officer at Southchester Investment Managers. He was previously the portfolio manager at Gryphon Asset Management from 1991 to 2007 where he managed and advised on a variety of properties. Gregory has also worked as an outsourced portfolio manager for various asset management companies from 2009 to 2011.

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# PORTFOLIO OVERVIEW

## SECTORAL PROFILE

<p>Based on gross lettable area ("GLA")</p> <p><b>RETAIL: 74.7%</b></p> <p><b>OFFICE: 25.3%</b></p>	<p>Based on gross rental</p> <p><b>RETAIL: 81.0%</b></p> <p><b>OFFICE: 19.0%</b></p>
<p>Tenant profile based on GLA</p> <p><b>A: 65.9%</b></p> <p><b>B: 23.1%</b></p> <p><b>C: 11.0%</b></p>	<p>Vacancy profile based on</p> <p><b>GLA: 4.9%</b></p> <p><b>GROSS RENTAL: 4.1%</b></p>

### Tenant profile table:

- A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, inter alia, Shoprite, FNB, Standard Bank, Nedbank, The Department of Mineral Resources, Private Security Industry Regulatory Authority.
- B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms.
- C. Other local tenants and sole proprietors. These include approximately 42 tenants.

## LEASE EXPIRY PROFILE

	Based on GLA %	Based on gross rentals %
Vacant	4.9	4.1
Feb 2019	23.8	28.3
Feb 2020	12.1	15.7
Feb 2021	29.8	25.8
Feb 2022	9.2	6.0
> Feb 2022	20.2	20.1
	<b>100.0</b>	<b>100.0</b>

## SEGMENTAL ANALYSIS

Property name	Physical address	Sector	Weighted average rental per m <sup>2</sup> (R/m <sup>2</sup> )	Lettable area (GLA m <sup>2</sup> )	Vacancy (% of lettable area)	Valuation as at 28 Feb 2018 (R'000)
Pier 14	444 Govan Mbeki Avenue, North End, Port Elizabeth	Retail	105.62	30 345	4.9	315 000
<b>Total</b>			105.62	30 345	4.9	315 000

The weighted average rental escalation, based on existing leases by GLA, is 7.28% for retail and 7.04% for offices.

The property was valued at 1 October 2017 by Mike Gibbons from Mills Fitchet who is an independent, registered professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000.

## OTHER INFORMATION

The forward average annualised property yield was 9.85% at 28 February 2018.



# STRATEGIC OVERVIEW

# OUR BUSINESS MODEL

Castleview's strategy is to deliver capital and distribution growth to shareholders by investing in A-grade properties, which are yield-enhancing assets that offer consistent long-term growth.

## How Castleview creates value

<b>Inputs</b>	<b>FINANCIAL CAPITAL</b> <ul style="list-style-type: none"> <li>Equity at R169 million</li> <li>Long- and short-term borrowings at R194 million</li> <li>Cash generated from operations for year ended 28 February 2018 R4.6 million</li> <li>Efficient systems, controls and processes</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Income and capital growth for shareholders</li> </ul>
<b>Inputs</b>	<b>MANUFACTURED CAPITAL</b> <ul style="list-style-type: none"> <li>Pier 14 Regional shopping centre</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Enhanced portfolio</li> <li>Well-managed portfolio of properties generating growing income</li> </ul>
<b>Inputs</b>	<b>INTELLECTUAL CAPITAL</b> <ul style="list-style-type: none"> <li>Executive and non-executive directors with extensive industry expertise and experience</li> <li>Sound governance structures</li> <li>Regulatory compliance</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Optimal investment decisions</li> <li>Transparent disclosure</li> </ul>
<b>Inputs</b>	<b>HUMAN CAPITAL</b> <ul style="list-style-type: none"> <li>Properly constituted board and subcommittees with appropriate experience and independence</li> <li>Remuneration policy aimed at attracting and retaining key staff</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Retention of key employees</li> </ul>
<b>Inputs</b>	<b>SOCIAL AND RELATIONSHIP CAPITAL</b> <ul style="list-style-type: none"> <li>Established symbiotic relationship with major tenants</li> <li>Established social and ethics committee</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Enduring relationships with tenants and partners</li> <li>Positive contribution to wider South African society</li> </ul>
<b>Inputs</b>	<b>NATURAL CAPITAL</b> <ul style="list-style-type: none"> <li>Efficient use of constrained resources such as water and electricity</li> </ul>	<b>Outputs</b>	<ul style="list-style-type: none"> <li>Waste recycling and reduction in the carbon footprint</li> </ul>

## Strategic focus

Managing assets responsibly to deliver capital and distribution growth to shareholders

Providing access to funding essential for operations and the group's ability to create value

Investing in strategic nodes to maximise returns

Maintaining properties to enhance their value and continually deliver on tenants' expectations

# STAKEHOLDER ENGAGEMENT

The board believes that establishing strong partnerships with the company's stakeholders is crucial to managing the risks and capitalising on the opportunities arising from its business activities. Key stakeholders are groups who have an impact on Castlevue's business strategy and are materially impacted by its business activities. Castlevue is committed to ensuring timeous, effective and transparent communication with shareholders and other stakeholders as set out below.

Key stakeholders	Key issues	How Castlevue engages	Responsibility
Shareholders	<ul style="list-style-type: none"> <li>Total returns</li> <li>Consistent investment performance</li> <li>Strategy execution</li> <li>Portfolio growth</li> <li>Capital appreciation</li> <li>Risk management</li> <li>Accessibility of executives</li> <li>Timeous information</li> </ul>	<ul style="list-style-type: none"> <li>Circulars, annual and interim results reporting</li> <li>SENS announcements</li> <li>Integrated report</li> <li>Annual general meeting</li> <li>Castlevue's website</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>FD</li> </ul>
Financiers	<ul style="list-style-type: none"> <li>Capital management</li> <li>Sustainability</li> <li>Investment performance</li> <li>Cash generation</li> <li>Corporate governance and compliance</li> <li>Risk management through loan-to-value ("LTV") and interest cover</li> </ul>	<ul style="list-style-type: none"> <li>Agreed reporting</li> <li>Regular meetings</li> <li>Integrated report</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>FD</li> </ul>
Business partners and suppliers	<ul style="list-style-type: none"> <li>Professional working relationships</li> <li>An understanding of the group's performance standards and requirements</li> <li>Timely payment</li> <li>Fair business practices</li> </ul>	<ul style="list-style-type: none"> <li>Fosters a culture of teamwork</li> <li>Regular meetings</li> <li>Service level agreements or terms of reference, which include performance expectations</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>FD</li> <li>Castlevue asset managers</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Property management</li> <li>Reasonable rentals and escalations</li> <li>Good upkeep and maintenance of buildings</li> </ul>	<ul style="list-style-type: none"> <li>Asset and property management meet with the tenants on a regular basis and conduct regular site visits to Castlevue's properties</li> </ul>	<ul style="list-style-type: none"> <li>Asset and property managers</li> </ul>

<b>Key stakeholders</b>	<b>Key issues</b>	<b>How Castleview engages</b>	<b>Responsibility</b>
Independent valuers	<ul style="list-style-type: none"> <li>Reliable and timeous information</li> </ul>	<ul style="list-style-type: none"> <li>Regular information flow</li> <li>Formal and ad hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>FD</li> <li>Investment committee</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliance</li> <li>Taxation</li> <li>Adherence to JSE Listings Requirements</li> <li>Company legislation</li> <li>Utility issues</li> <li>Rates clearances</li> <li>Zoning</li> </ul>	<ul style="list-style-type: none"> <li>Engages with local authorities both directly and via its property managers and external consultants</li> </ul>	<ul style="list-style-type: none"> <li>Management</li> <li>Outsourced property administrators</li> <li>External consultants</li> </ul>
Industry associations	<ul style="list-style-type: none"> <li>Introduction of new legislation</li> <li>Global and local trends</li> </ul>	<ul style="list-style-type: none"> <li>Membership of professional bodies</li> </ul>	<ul style="list-style-type: none"> <li>Executives</li> <li>Property managers</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Socio-economic development</li> <li>Environmental impact</li> <li>Responsible corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>Regular evaluation of the group's impact on society and the environment</li> </ul>	<ul style="list-style-type: none"> <li>Executives</li> <li>Property managers</li> </ul>





# LEADERSHIP AND GOVERNANCE

# CHAIRMAN AND CEO'S REPORT

It is our pleasure to present Castleview's first integrated report following the successful listing of the company on the JSE's AltX on 20 December 2017.

Without doubt the most significant event in the reporting period is the listing of the fund on the JSE's AltX. The board would like to thank: its shareholders, the largest of whom is Urban Retail Property Investments 1 (Pty) Ltd, for its support during the process, without whom this would not have been possible; the fund's financiers Absa Bank; as well as the executives involved.

In the short time since listing, much of the efforts of management has been spent in bedding down the acquisition of Pier 14 Shopping Centre, as well as refining the reporting structure of the capable on-site management team.

The advent of 2018 has seen the team shift its focus to the retention of the existing tenants, as well as sourcing new tenants, which will enhance the appeal of the centre to the many shoppers that frequent Pier 14 on a weekly basis.

## INVESTMENT STRATEGY

Castleview's mandate is to deliver healthy total returns to its shareholders via a robust income stream and capital growth of its assets and will not necessarily focus on the year-on-year growth in distributions at the expense of capital growth, a feature that has become apparent in the results of many other South African REITs.

The fund intends investing in retail property opportunities across South Africa, aiming to establish a portfolio that caters to a diversified population across the various income categories. In addition, Castleview may also invest in listed property shares.

## RESULTS

Castleview's balance sheet comprised assets of R373.7 million at period end, comprising one property valued at R315.0 million and R56.3 million of cash. The property was funded with bank debt of R164.1 million and a shareholder's loan of R30.1 million, resulting in a loan to value of 43.8% at 28 February 2018.

Revenue for the financial period was R17.8 million, which realised an operating profit before fair value adjustments of R7.7 million and, after allowing for fair value adjustments, the

net cost of finance and tax resulted in total comprehensive income of R3.8 million. Headline earnings were 4.5 cents per share and distributable earnings 11.6 cents per share, which is consistent with the projections provided at the time of listing. A dividend of 16.72 cents per share was declared by the board.

## MARKET CONDITIONS

Business conditions in South Africa in recent years have been dominated by political machinations that have negatively impacted economic growth and consumer confidence. Economic growth in 2017 was a weak 1.3%, with business and consumer confidence at twenty-year lows.

The result of the ANC's elective conference in December 2017 which saw Cyril Ramaphosa being elected as the ANC President has had significant and far reaching implications. The subsequent removal of President Zuma and his replacement by Mr Ramaphosa as president of the country in February 2018, resulted in a collective sigh of relief from most South African citizens.

As a result of these positive changes, for the first time in years, businesses in South Africa will be able to get back to the basics and focus on fundamentals of the economy and their businesses instead of the wild fluctuations in sentiment, bond yields and the Rand.

Interest rates remain low, with inflation well under control and, together with the improved sentiment above, the outlook for consumer spending is optimistic. This will have a positive benefit on trading conditions at Pier 14, which has already been evident in the first few months of 2018 in the form of growing turnover at the centre. This should assist with tenant renewals, vacancy rates and rental growth.

## FUNDING

During the period under review, Castleview secured a loan from Absa Bank in an amount of R165 million, to fund the acquisition of the portfolio, as well as a shareholders' loan of R30.1 million, which will be used for improvements to be made at Pier 14, as well as further acquisitions.

Further property investments will be made using a combination of existing cash, the issue of shares and new debt facilities, with the LTV ratio expected to remain at levels of between 45% and 55%, in order to maintain a healthy level of growth in net asset value.

## PORTFOLIO PERFORMANCE

The portfolio remains in a healthy state with vacancies of 4.1% by gross rental and 4.9% by GLA. Pier 14 continues to attract and retain high-quality tenants which are prepared to sign long-term leases, with 88.9% of tenants by GLA comprising high quality tenants.

## GOVERNANCE AND SUSTAINABILITY

Castleview prides itself on its corporate governance and on the commitment of its leadership to both the business and these high standards.

This philosophy encompasses the financial performance and risk management of the group, which it strictly adheres to, but importantly it also extends to the social and environmental spheres and the impact that Castleview is able to have on society and the environment.

The daily interaction between Castleview and the shoppers at its property results in various interfaces in which the fund can positively impact on its stakeholders including community events and fund raising for various charities.

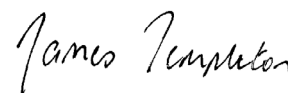
## PROSPECTS

Castleview will continue to focus on a disciplined approach to the management of its existing asset and the growth of the portfolio in order to return growth in capital and income to shareholders.

Finally, we would like to extend our appreciation to the board for their time and effort to date and look forward to another fruitful year ahead.



**Richard Volks**  
Chairman



**James Templeton**  
CEO

# CORPORATE GOVERNANCE REPORT

Castleview is committed to upholding the highest standards of ethics, transparency and good governance while pursuing healthy returns. The board is the heart of good governance, exercising sound judgement and leading with integrity. It is committed to implementing governance principles and practices that are appropriate for Castleview, in accordance with the recommendations of King IV™. All directors are required to attend a formal director induction programme at the Institute of Directors, which will be completed by the end of 2018.

## ETHICAL LEADERSHIP

Castleview is committed to maintaining the highest standards of ethics and business conduct. The board is the heart of the fund's values and ethics, which reflects the directors' belief in compliance with all relevant laws and regulations. The group has implemented a code of ethics ("the Code") that stipulates, among other things, that:

- all stakeholders must act in good faith with skill and care;
- bribery in any form is not tolerated;
- conflicts of interest must be declared; and
- compliance with all relevant and applicable legislation is extremely important.

All employees have been made aware of their responsibilities as set out in the Code. The social and ethics committee is responsible for reviewing the Code annually.

The board confirms that it is not aware of any transgressions of the Code during the year and that no issues of non-compliance have arisen. No fines or prosecutions have been levied against the group during the period under review.

## THE BOARD

### Members

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#### Executive directors

James Templeton (CEO)

Elana Kruger (FD)

#### Independent non-executive directors

Richard Volks (Chairman)

Gregg Bayly

David Green

Avesh Padayachee

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Castleview's board comprises two executive directors and four independent non-executive directors, including the Chairman of the board.

The responsibilities of the independent non-executive Chairman, the CEO, and the remaining directors are strictly separated to ensure that no director can exercise unfettered decision-making. The independent non-executive directors, contribute a wide range of industry skills, knowledge and experience, to the board's decision-making processes. Ultimate control of the group rests with the board of directors while the executives are responsible for the proper execution of the group strategy. To achieve this, the board determines the objectives of the group and sets the philosophy for investments, performance and ethical standards. Quarterly board meetings are held with additional meetings convened where required.

Castleview's executive directors do not have fixed-term contracts. There is no restraint of trade period in place in respect of executive directors. In terms of the company's Memorandum of Incorporation ("MOI"), one-third of the directors must be re-elected annually by shareholders at the annual general meeting.

## FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

A formal board charter is in place. This sets out the board's responsibilities and authorities that govern the actions of the board and its directors with a view to ensuring the sustainability of the company. The board confirms that it is responsible for ensuring the following functions as set out in the board charter:

- act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of Castlevision along sound and ethical corporate governance principles;
  - steer and set direction with regards to both Castlevision's strategy and the way in which specific governance areas are to be approached, addressed and conducted;
  - approve policy and planning that give effect to the company strategy;
  - oversee and monitor implementation and execution of the strategy by management; and
  - ensure accountability for organisational performance through reporting and disclosures.
- oversee and monitor that Castlevision is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and the society within which it operates;
- consider Castlevision's strategy against the six capital resources;
- exercise on-going oversight of the management of ethics within Castlevision that promote ethical behaviour within the group;
- approve Castlevision's financial objectives including, capital expenditure, treasury, capital and funding proposals;
- appreciate that strategy, risk, performance and sustainability are inseparable;
- provide effective leadership on an ethical foundation;
- ensure that Castlevision has an effective and independent audit and risk committee;
- be responsible for the governance of risk;
- oversee and be responsible for the governance of information and technology within Castlevision;
- monitor Castlevision's compliance with applicable laws and consider adherence to non-binding rules, codes and standards;

- ensure that there are effective risk-based internal controls and audit processes;
- adopt a stakeholder-inclusive approach and consider stakeholders' perceptions of Castlevision's reputation;
- review and oversee the integrity of the company's integrated annual report and the relevant disclosures in terms of King IV™ reporting;
- act in the best interests of Castlevision by ensuring that individual directors adhere to legal standards of conduct; are permitted to take independent advice in connection with their duties and disclose real or perceived conflicts to the board and deal with them accordingly;
- Directors are expected to devote sufficient time and effort to prepare for meetings in order to participate fully and frankly in board discussions and bring the benefit of their particular knowledge, experience, skills and abilities to bear.
- review the succession plan for its directors including the Chairperson and CEO; and
- approve Castlevision's Governance Framework that articulates and gives effect to its direction on relationships and the exercise of authority across Castlevision.

## INDEPENDENCE OF THE BOARD

Castlevision ensures the independence of the board through the following practices:

- appointment of an independent non-executive director as Chairman;
- clear separation of the roles of Chairman and CEO;
- appointment of a minimum of three independent non-executive directors;
- the audit and risk committee is comprised of only independent non-executive directors while the remuneration committee and social and ethics committee comprise a majority of independent non-executive directors;
- the audit and risk committee, investment committee, and remuneration committee are chaired by independent non-executive directors;
- no service contracts are in place in respect of non-executive directors; and
- all directors have access to the advice and services of the company secretary and with prior agreement from the Chairman, all directors are entitled to seek independent professional advice concerning the affairs of the group at the group's expense.

## ATTENDANCE AT MEETINGS

Meeting attendance is recorded in the table below. All meetings were attended by all the members of the board.

### CASTLEVIEW BOARD MEETING ATTENDANCES FOR THE YEAR ENDED 28 FEBRUARY 2018

Name	Date of meeting 5 February 2018	Total
<b>Executive directors</b>		
1 JWA Templeton	✓	1/1
2 E Kruger	✓	1/1
<b>Independent non-executive directors</b>		
3 RG Volks (Chairman)	✓	1/1
4 GC Bayly	✓	1/1
5 DJ Green	✓	1/1
6 A Padayachee	✓	1/1

The independence of the independent non-executive directors was assessed and all were deemed to meet the requirements of independence in terms of the recommendations of King IV™. The continued independence of these directors will be annually evaluated and confirmed.

## NOMINATIONS

The board is collectively responsible for the identification, assessment and appointment of new directors, in a formal and transparent manner that is free from the dominance of any one particular shareholder. Any new appointees must possess the requisite skills to make a meaningful contribution to board deliberations and to enhance the composition of the board.

## DIRECTORS' PERSONAL INTERESTS

A full list of directors' interests is maintained and directors at the beginning of each board meeting are required to confirm that the list is correct. Directors recuse themselves from any discussion and decision in which they have a material financial interest.

## AUDIT AND RISK COMMITTEE

*Members:* Gregg Bayly (Chairperson), Richard Volks and Avesh Padayachee

*Invitees:* CEO, FD, company secretary and the external auditors

The committee meets at least four times per year. Special meetings are convened as and when required.

The audit and risk committee is governed by a charter, which was approved by the board and is reviewed annually. The board makes appointments to the committee, which are subject to approval by shareholders annually at the company's annual general meeting. The board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. The committee members have unfettered access to all information, documents and explanations required in the discharge of their duties and to the external auditors. The audit and risk committee is responsible for reviewing the finance function of the company on an annual basis.

The primary role of the audit and risk committee is:

### 1. Audit

- to provide independent oversight of the effectiveness of the internal financial controls and the system of internal controls to assist the Board in ensuring and monitoring the integrity of Castleview's Annual Financial Statements and related external reports;
- to oversee the effectiveness of Castleview's external and internal assurance functions and services that contribute to ensuring the integrity of Castleview's financial and integrated reporting.

### 2. Risk

- to assist the Board to set the direction for the manner in which risk is managed and addressed while adopting a stakeholder-inclusive approach;
- to ensure that Castleview has implemented an effective policy and plan for risk management and compliance encompassing the opportunities and associated risks to be considered when developing strategy and the potential positive and negative effects of the same risks on the achievement of Castleview's strategic objectives.

### Combined assurance

Castleview's combined assurance model is based on three levels of assurance for all significant risks. Level one is internal property management assurance undertaken by the on site property management team. Level two is asset management assurance, achieved through oversight by the executive management team of the group. Level three is external assurance achieved through the oversight by the independent non-executive directors and the external auditors. By adopting this approach, the group considers that it is doing everything reasonably practicable to give assurance that risks are mitigated and that effective controls are in place.

### Meeting attendance

Attendance at audit and risk committee meetings by the directors during the period ended 28 February 2018 is outlined below:

#### AUDIT AND RISK COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Name Members	Date of meeting 5 February 2018	Total
1	GC Bayly (Chairman)	✓	1/1
2	RG Volks	✓	1/1
3	A Padayachee	✓	1/1

### INVESTMENT COMMITTEE

*Members:* David Green (Chairman), Gregg Bayly, Avesh Padayachee

*Invitees:* CEO, FD

The members of this committee have extensive business experience and technical expertise in the real estate, renewable energy and finance sectors.

The investment committee considers all acquisitions, disposals and capital expenditure for recommendation to the board.

The investment committee did not meet during the financial period under review.

### REMUNERATION COMMITTEE

*Members:* Avesh Padayachee (Chairman), Richard Volks

*Invitees:* CEO, FD

The committee will meet two times a year with special meetings being convened as and when required.

The remuneration committee is a committee of the board and is governed by terms of reference as approved by the board. These terms of reference are reviewed on an annual basis.

## REMUNERATION REPORT AND POLICY

The remuneration committee is responsible for the group's remuneration policy and practices. The remuneration committee ensures the remuneration policy is aligned with Castleview's strategic objectives and goal.

Castleview is managed by Castleview Asset Managers (Pty) Ltd ("CAM") and the executive directors and asset management staff are employed and remunerated by CAM. The asset management agreement requires CAM to perform in line with agreed performance criteria. The remuneration committee is satisfied that CAM has implemented a remuneration structure that creates a performance based culture by adopting remuneration policies and practices with regard to executives and employees by aligning performance with the creation of sustainable returns to shareholders while meeting the needs of other stakeholders. Seven internal property management staff are employed by Castleview. These individuals are managed by CAM and their employment contracts, salaries and incentives are also determined by CAM. There are no other full-time employees within the Group. The mixture of full-time and part-time employees will be monitored by the remuneration committee and will be adjusted appropriately as the business grows.

Castleview welcomes engagement with shareholders on remuneration issues to inform the voting process at the annual general meeting. In line with King IV™, Castleview is required to engage directly with shareholders should the remuneration policy or the implementation report be voted against by 25% or more votes exercised. Through this engagement process management will endeavour to determine reasons for the dissenting votes and address legitimate objections and take reasonable measures to address shareholder concerns.

As the business matures into a larger organisation it is envisaged that the remuneration policy will adapt and change accordingly. During the course of 2019 the committee will continue to monitor the appropriateness of the remuneration policy and how it is applied.

As a responsible corporate citizen Castleview strives to improve employment conditions across the business and implement initiatives that will over time realise the concept of fair and reasonable remuneration. This includes the promotion of employment equity and diversity in the workplace, skills development and remuneration benchmarking to ensure internal equity and equal pay for work of equal value.

Through CAM, Castleview's current remuneration structure consists of a mix of guaranteed remuneration and variable performance-related pay which is at risk. Guaranteed remuneration constitutes the employee's total cost to company package.

During the 2019 financial year Castleview will move towards a more integrated approach to reward strategy in which all components are aligned to the strategic direction and value drivers of Castleview.

## REMUNERATION IMPLEMENTATION REPORT

The remuneration committee confirms that the CAM's remuneration structure with its policies and procedures has been consistently applied in the year under review.

The seven internal property management staff employed by Castleview received annual increases effective 1 March 2018.

There was no short term incentive plan in place for the period under review.

There was no long term incentive plan in place for the period under review.

For emoluments paid to directors during the 2018 financial period, please refer to note 25 to the annual financial statements.

The proposed emoluments of the non-executive directors for the 2019 financial period are set out in the table below.

The non-executive directors are remunerated by Castleview. Other than fees paid to CAM in respect of asset management services and the company secretary in respect of company secretarial services, the company has not entered into any contracts relating to directors and/or managerial remuneration, secretarial and technical fees and restraint payments.

### NON-EXECUTIVE DIRECTORS FEES FOR THE PERIOD ENDED 28 FEBRUARY 2018 AND PROPOSED FEES FOR 2019

Position	Directors' fees	
	2018 Actual R	2019 Proposed R
Chairman of the board	50 000	120 000
Member of the board	50 000	120 000

\* All non-executive directors, regardless of individual position, received a set monthly fee of R10 000 for the period from 1 October 2017 to 28 February 2018.



## Meeting attendance

The remuneration committee met once during the year and all members were present.

### REMUNERATION COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Name	Date of meeting 5 February 2018	Total
1	A Padayachee (Chairman)	✓	1 (1)
2	RG Volks	✓	1 (1)



**Avesh Padayachee**

Remuneration committee Chairman

## SOCIAL AND ETHICS COMMITTEE

*Members:* James Templeton (Chairman), David Green and Richard Volks

The social and ethics committee is a statutory committee focused on monitoring compliance with labour legislation as well as corporate social responsibilities, corporate citizenship, the impact of the company's activities on the environment, health and safety and customer relations. The committee executes the duties assigned to it by the Companies Act as well as any additional duties assigned to it by the board of directors. A charter governs the committee's responsibilities and duties.

## SOCIAL AND ETHICS COMMITTEE REPORT

The board is committed to the spirit and principles of broad-based black economic empowerment (B-BBEE), including socio-economic development objectives.

The committee assists the board in ensuring that there are strategies and policies in place to progress transformation that are appropriate to Castleview.

The committee seeks to address any and all issues pertaining to the transformation of the group into an organisation that is not only relevant in the context of a democratic South Africa, but also to ensure that the composition of the group is representative of the country. Castleview seeks to implement, through careful and considered processes, measures that do not detract from the group's long-term goal of delivering sustainable returns to all shareholders and stakeholders alike.

Castleview group acknowledges that for black economic empowerment to be sustainable, it must be broad-based. The group has taken the decision to adopt a holistic approach to empowerment, addressing skills development, employment equity promotion in the workplace, procurement practices which support developing businesses and suppliers, enterprise creation and equity ownership in the group.

In order for the group to remain competitive, enhance profitability and ensure its long-term sustainability, it is imperative that it not only complies with the requirements of the B-BBEE Act and related Codes of Good Practice (the Codes), but that transformation is implemented in such a manner so as to bring meaningful economic participation to a broad base of historically disadvantaged individuals through economic exposure and will focus on sharing of wealth creation resulting from the group's economic activities.

The group will be embarking on its inaugural scorecard assessment during the 2019 financial year. The group is pursuing an increased focus on transformation and to this end a policy is being drafted. Transformation goals and objectives pertain to equal opportunity employment, diversity management, recruitment and selection, rewards and benefits, leadership development and training.

The focus in the coming year will be to assess the viability and establish targets for each of the 5 elements as measured by the Codes. These elements, namely Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development will be reported on specifically in the next integrated report.

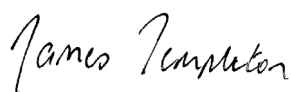
The group is currently still unrated during its first year of listing. The objective of the board is for the group to be recognised as a Compliant Contributor. The annual compliance report will be published on the company's website once finalised.

### Meeting attendance

Attendance at social and ethics committee meetings by the directors during the period ending 28 February 2018 is outlined below:

#### SOCIAL AND ETHICS COMMITTEE MEETING ATTENDANCES FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Name	Date of meeting 5 February 2018	Total
1	J Templeton (Chairman)	✓	1 (1)
2	D Green	✓	1 (1)
3	RG Volks	✓	1 (1)



**James Templeton**

Social and ethics committee Chairman

### COMPANY SECRETARY

The board has direct access to the company secretary, Statucor Proprietary Limited, who provides guidance and assistance in line with the requirements outlined in the Companies Act, King IV™ and the JSE Listings Requirements. The independence, competence, qualifications and experience of the company secretary is subject to annual evaluation by the board.

For the period under review, the board considered the competence, qualifications and experience of the company secretary and is satisfied that the company secretary is deemed fit to continue in the role as company secretary for Castleview. The company secretary's relationship with the board has been assessed and is considered to be at arm's-length.

### INFORMATION TECHNOLOGY GOVERNANCE

The board is ultimately responsible for IT governance. The financial director oversees the information technology function, attends the executive committee meetings and reports to the CEO. The risks and controls over information technology assets and data are considered by the audit and risk committee.

### DEALING IN SECURITIES BY THE DIRECTORS

Dealing in the group's securities by directors and group officials is regulated and monitored as required by the JSE Listings Requirements and the group's policy. Castleview maintains a closed period from the end of a financial reporting period to the date of publication of the financial results, and any other period when the company is under a cautionary announcement.

### PROMOTION OF ACCESS TO INFORMATION ACT

There were no requests for information lodged with the group in terms of the Promotion of Access to Information Act, No. 2 of 2000, during the period under review.

### DIVERSITY POLICY

The group is committed to actively managing diversity as a means of enhancing the company's performance by recognising and utilising the contribution of diverse skills and talent of its directors. Diversity may result from a range of factors including age, gender, ethnicity, cultural background, race or other personal factors

The policy applies to the board. It does not apply to diversity in relation to employees of Castleview, which is covered by the company's employment equity policy, according to South African labour legislation.

The board has adopted a diversity policy which promotes gender and race diversity at board level and will report annually, in the corporate governance section of the integrated report, on the process it has used in relation to board appointments. The social and ethics committee will review the policy annually, which will review the policy annually, which will include an assessment of the effectiveness of the policy. The board has not set any voluntary targets in relation to the year ending 28 February 2019.

# RISK MANAGEMENT

The board retains overall responsibility for risk management and for the definition of the company's overall risk strategy and tolerance, having considered the recommendations of the audit and risk committee.

Risk	Impact	Mitigation strategies
<b>Investment property portfolio</b>		
Inability to source suitable properties to acquire	Inability to grow the portfolio	Regular interaction with sales and investment brokers in the industry
Damage to investment property	Financial loss to the company and reduced asset value	Comprehensive insurance policy based on replacement value of investment property  Regular review of insurance policy and insured values  Regular inspections of the property by the on site technical team
<b>Operational performance</b>		
Vacancies and rental default	Reduced distributions, capital appreciation, profitability and returns to stakeholders  Declining property valuations, reduced net asset values and risk of breach of financial covenants	Strong focus on tenant relationships to ensure retention  Targeted leasing strategy, using in-house management team and interacting with external leasing agents  Early renewal negotiations – tenants are engaged six months prior to lease expiry  Effective credit control procedures for defaulting tenants
<b>Financing</b>		
Interest rate risk	Increased cost of borrowings will reduce distributions and shareholder value	Maintain appropriate level of fixed interest rates and hedging
Failure to secure funds for acquisitions	Inability to grow and maintain the portfolio	Regular interaction with shareholders, investors and bankers to ensure the availability of equity and/or debt for funding of acquisitions
<b>Governance</b>		
Non-compliance with regulations e.g. JSE Listings Requirements	Suspension or termination of the company's listing	Active monitoring by corporate sponsors and company secretary who attend every quarterly board meeting
Reputational risk	Loss of investor confidence and unit price volatility	Regular communication with all stakeholders
<b>Skills and systems</b>		
Loss or operational inadequacy of key staff and advisers	Reduced operational capability and consequential impact on shareholder value	Relationships with key advisers governed by appropriately termed contracts  Ability to replace advisers in the event of failure  Attractive remuneration and working environment in place to encourage retention of key staff
Information technology failure	Loss of revenue as a result of loss of data  Impact on the company's reputation in the event that the data is not recovered promptly	Support of appropriately skilled resources and contractors

# KING IV™ COMPLIANCE

## REGISTER OF APPLICATION OF THE KING IV™ PRINCIPLES

Castlevue Property Fund Limited ("Castlevue or the Company") is a listed company on the Johannesburg Stock Exchange operated by the JSE Limited ("JSE"). The following table has been developed to provide a summary assessment of the application of the specific applicable recommendations of King IV™, which shows that Castlevue applied all the principles of King IV™ during the financial period ended 28 February 2018.

### APPLICATION OF THE KING IV™ PRINCIPLES

Leadership, ethics and corporate citizenship	
<b>Leadership</b>	
<b>Principle 1</b>	<b>The board should lead ethically and effectively</b>
	<p>The board of directors exercises effective leadership, adhering to the duties of a director. The board as a whole has the necessary competence and the directors act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the board charter.</p> <p>The board charter outlines the policies and practices of the board on various matters such as conflicts of interest and independence. The directors adhere to Castlevue's declarations of interest policy, which is based on the Companies Act and the JSE Listings Requirements.</p> <p>The board is committed to driving the strategy and operations of Castlevue, based on an ethical foundation, to support a sustainable business, acting in the best interest of Castlevue, while considering the economy, society as a whole, environment and its stakeholders. This consists of considering risks in the business and the monitoring of how management has implemented Castlevue's strategy thereby ensuring accountability for the Company's performance.</p>
<b>Organisational ethics</b>	
<b>Principle 2</b>	<b>The board should govern the ethics of the company in a way that supports the establishment of an ethical culture</b>
	<p>The board determines and sets the tone of Castlevue's values, including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen and through the social and ethics committee approves the Company's code of ethics.</p> <p>Management has been delegated the responsibility for implementation and execution of the code of ethics and the board through the social and ethics committee exercises ongoing oversight of the management of ethics and ensuring it is integrated in the operations of the Company.</p> <p>The ethics code guides interaction with all stakeholders of the Company and addresses the key ethical risks of the Company.</p>
<b>Responsible corporate citizenship</b>	
<b>Principle 3</b>	<b>The board should ensure that the company is and is seen to be a responsible corporate citizen</b>
	<p>In accordance with its role of overseeing Castlevue's conduct as a good corporate citizen, the board approves the strategy of the business including matters relating to sustainability. Through stakeholder engagement the board is committed to understanding the expectations of all stakeholders.</p> <p>Castlevue is a values driven organisation and the board is committed to ensuring that the Company fulfils its legal and moral obligations as a good corporate citizen.</p>

## APPLICATION OF THE KING IV™ PRINCIPLES

### Strategy, performance and reporting

#### Strategy and performance

**Principle 4**                      **The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**

In alignment with the purpose of Castlevue, the board approves the Company's strategy, value drivers and legitimate expectations of its stakeholders ensuring the business remains sustainable after considering all risk factors.

The board oversees and monitors the implementation and execution by management of the policies that drive strategy and ensures that the Company accounts for its performance through transparent reporting and disclosures.

#### Reporting

**Principle 5**                      **The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects**

The integrated annual report provides a consolidated view of Castlevue's financial, social and environmental performance, prospects and strategy in the context of our operating environment to enable stakeholders to make an informed assessment of the group's value creation in the short, medium and long-term.

The board, through its audit and risk committee, ensures that the necessary controls are in place to verify and safeguard the integrity of reports and other disclosures. Castlevue complies with all required disclosures.

The audit and risk committee oversees the reporting process and reviews the audited financial statements.

### Governing structures and delegation

#### Primary role and responsibilities of the board

**Principle 6**                      **The board should serve as the focal point and custodian of corporate governance in the company**

The board is committed to the highest standards of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the board charter and terms of reference of its committees.

Through the delegations of authority, the board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Chief Executive Officer.

#### Composition of the board

**Principle 7**                      **The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**

The board aims to ensure that its composition comprises a majority of independent non-executive directors. When considering appointments or re-election of directors the board gives consideration to the knowledge, skills and resources required for conducting the business as well as considering its size, diversity and demographics to ensure effectiveness.

The board has adopted a diversity policy which promotes gender and race diversity at board level.

The board is satisfied that there is a balance of skills, experience, diversity and knowledge required to discharge its role and responsibilities.

#### Committees of the board

**Principle 8**                      **The board should ensure that its arrangements for delegation within its own structure promote independent judgement and assist with balance of power and the effective discharge of its duties**

Committees have been established to assist the board in discharging its responsibilities. The committees of the board comprise of an audit and risk committee, a social and ethics committee, investment committee and a remuneration committee.

The committees are appropriately constituted and members are appointed by the board. External advisors, executive directors and members of management attend committee meetings by invitation. Formal terms of reference have been adopted by each committee and will be reviewed on an annual basis.

## APPLICATION OF THE KING IV™ PRINCIPLES

**Governing structures and delegation (continued)****Evaluation of the performance of the board**

**Principle 9**                      **The board should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness**

The Chairperson of the board, assisted by the company secretary, will lead the first evaluation process during the 2019 financial year.

**Appointment and delegation to management**

**Principle 10**                      **The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**

The role and function of the CEO are specified in the board charter and the performance of the CEO is evaluated by the board against these criteria. It is the responsibility of the board to ensure that succession plans are in place for the position of the CEO.

**Governance functional areas****Risk governance**

**Principle 11**                      **The board should govern risk in a way that supports the company in setting and achieving its strategic objectives**

The board has direct responsibility for the governance of risk and approves Castlevew's risk policy that gives effect to its set direction on risk. The board is responsible for the approval of the risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels.

Management continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are put in place to address these risks.

To support the board in ensuring risk management oversight, the audit and risk committee is responsible for ensuring effective monitoring of the relevant top risks.

**Technology and information governance**

**Principle 12**                      **The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives**

The board is ultimately accountable for the governance of information technology management and has delegated this responsibility to the audit and risk committee.

Assurance is sought to ensure that the information management controls in place are effective and that any risk identified are addressed.

The information management strategy is aligned to Castlevew's business needs and sustainability objectives. Measures to ensure that compliance to all relevant laws, information security and the protection of personal information are in place.

**Compliance governance**

**Principle 13**                      **The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen**

Castlevew's policy requires that all associated companies and their directors and employees comply with all applicable laws.

Legal compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws in various jurisdictions in which Castlevew does business.

The board has delegated the responsibility for implementing compliance to management.

## APPLICATION OF THE KING IV™ PRINCIPLES

### Governance functional areas (continued)

#### Remuneration governance

**Principle 14**                      **The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**

The board believes that Castlevue has an appropriate rewards strategy for the current size of the company. The adopted policy ensures competitive and appropriate rewards outcomes for the employees of the company.

The company discloses the remuneration of each director and prescribed officer in the integrated annual report.

The remuneration report, including the remuneration implementation report and the remuneration policy are set out in the integrated annual report.

#### Assurance

**Principle 15**                      **The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports**

The audit and risk committee is responsible for the quality and integrity of Castlevue's reporting. As Castlevue grows and the complexity of the business increases, the audit and risk committee will ensure that appropriate systems are put in place to ensure the integrity of information.

### Stakeholder relationships

#### Stakeholders

**Principle 16**                      **In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balance the needs, interests and expectations of stakeholders in the best interests of the company over time**

Castlevue strives to ensure a systematic and integrated approach to stakeholder engagement ensuring that all stakeholder issues are identified, prioritised and appropriately addressed.



# ANNUAL FINANCIAL STATEMENTS



# INDEX

The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders:

<b>31</b>	Directors' Responsibilities and Approval
<b>32</b>	Report of the audit and risk committee
<b>33</b>	Secretarial certification
<b>34</b>	Independent Auditor's Report
<b>39</b>	Directors' report
<b>42</b>	Consolidated and separate Statements of Financial Position
<b>43</b>	Consolidated and separate Statements of Profit or Loss and Other Comprehensive Income
<b>44</b>	Consolidated and separate Statements of Changes in Equity
<b>45</b>	Consolidated and separate Statements of Cash Flows
<b>46</b>	Accounting Policies
<b>54</b>	Notes to the consolidated and separate Financial Statements

The consolidated and separate financial statements were internally compiled by Elana Kruger CA(SA), the financial director.

Approved by the board of directors  
13 June 2018

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, No. 71 of 2008 (Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group and company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS") and the Companies Act. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk

cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

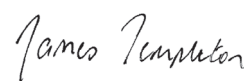
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the period ending 28 February 2019 and, in light of this review and the current financial position, they are satisfied that the group and company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on pages 34 to 38.

The consolidated and separate financial statements set out on page 42 to 72, together with the directors' report on page 39 to 41, which have been prepared on the going concern basis, were approved by the board of directors on 13 June 2018 and signed on their behalf by:

## Approval of financial statements



JWA Templeton



E Kruger

# REPORT OF THE AUDIT AND RISK COMMITTEE

## INTRODUCTION

This report of the Castleview Property Fund audit and risk committee (the committee) is presented to shareholders in compliance with the Companies Act, the JSE Listings Requirements and the King Code of Governance Principles (King IV™). The committee has a statutory role in terms of the Companies Act and also has an independent role with accountability to both the board and to the shareholders. The committee operates within the parameters of a formal charter and complies with all relevant legislation, regulation and governance codes.

## ROLE OF THE COMMITTEE

The committee's responsibilities include the statutory duties prescribed by the Companies Act, disclosure requirements prescribed by the JSE Listings Requirements, activities recommended by King IV™ as well as additional responsibilities assigned by the board. The responsibilities of the committee are to:

- ensure that management has created and maintained an effective financial and operating control environment in the Group.
- ensure that business, financial and other risks have been identified and are being suitably managed.
- monitor standards of governance, reporting and compliance.
- oversee integrated reporting and ensure the integrity of the Integrated Report.
- review the annual financial statements.
- review the content of the interim results and report.
- ensure the appointment of the auditor complies with applicable legislation and regulations.

## COMPOSITION OF THE COMMITTEE

The committee comprises three suitably qualified independent non-executive directors. The Chairperson of the board serves on the committee however, the board is satisfied that he acts with sufficient integrity, objectivity and independence such that the interests of the stakeholders are not prejudiced by his dual role as Chairperson of the Board and as a member of the committee. At the annual general meeting to be held on 27 July 2018, shareholders will be requested to once more approve the board chairperson's dual role as a member of the committee and a chairperson of the board.

Biographical details of the committee members appear in the Integrated Report. Fees paid to the committee members for the 2018 financial year and the proposed fees for the 2019 financial year are disclosed in the remuneration report in the Integrated Report.

The committee is elected by shareholders at the annual general meeting each year while the board appoints the chairperson of the committee. Non-executive directors, the executive directors and the external auditor attend meetings at the invitation of the committee. The committee may also meet separately with the external auditor without executive management being present.

## EXTERNAL AUDIT

The committee has assessed the independence, expertise and objectivity of the external auditor, Nolands Inc., as well as approving the fees paid to the external auditor (refer to note 14 in the annual financial statements). The committee has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in Castleview Property Fund Limited. The committee has nominated, for election at the next annual general meeting, Nolands Inc., as the external audit firm and Mr Craig Stansfield as the designated auditor, responsible for performing the functions of auditor, for the 2019 financial year. The committee has satisfied itself that the audit firm and designated auditor are not included in the JSE list of disqualified auditors and their advisors.

In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements the committee also confirms that it has requested and reviewed the information described in paragraph 22.15(h) of the JSE Listings Requirements from Nolands Inc. and thus confirms that it has assessed the suitability for the appointment of Nolands Inc. and Mr Craig Stansfield.

## NON-AUDIT SERVICES

The Group has a formal policy on non-audit services which can be provided by the external auditor. All non-audit services are approved in advance by the committee after they have considered the following:

- The work to be performed may not be detrimental to good corporate governance or conflict with work undertaken by the accountancy profession.
- The nature of the work being performed will not affect the independence of the appointed external auditors.
- The work being done may not conflict with any requirement of generally accepted accounting practice or principles of good corporate governance.
- The auditors must satisfy the committee that the delivery of non-audit services does not compromise their independence in undertaking normal audit assignments.

## INTERNAL CONTROL

A framework of financial reporting, internal and operating control has been established by the board to provide reasonable, but not absolute, assurance against misstatement or loss. No material matter has come to the attention of the board that has caused the directors to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

## EVALUATION OF THE CHIEF FINANCIAL OFFICER

The committee satisfied itself as to the appropriateness of the expertise and experience of the Group's chief financial officer, Elana Kruger. This is based on the qualifications, levels of experience, continuing professional development and the board's assessment of the financial knowledge of the chief financial officer. The committee also satisfied itself as to the expertise, resources and experience of the Group's finance function.

## ACTIVITIES OF THE COMMITTEE

The committee is required to meet at least four times each year, with two meetings coinciding with the key dates of the financial reporting and audit cycle. Minutes of the meetings of the committee are circulated to all directors and supplemented by an update from the committee chairperson at each board meeting. The chairperson of the committee is required to attend all statutory shareholder meetings to respond to questions on the committee's activities.

The committee performed the following activities during the year under review:

- Recommended to the board and shareholders the appointment of the external auditors.

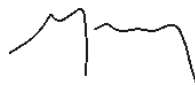
- Approved the terms of engagement and remuneration of the external auditor, and monitored their independence, objectivity and effectiveness.
- Determined the nature and extent of any non-audit services provided by the external auditor and other auditing firms.
- Evaluated the appropriateness of the expertise and experience of the chief financial officer.
- Evaluated the expertise, resources and experience of the Group's finance function.
- Reviewed and recommended to the board for approval the annual financial statements.
- Reviewed and recommended to the board for approval the Integrated Report.
- Confirmed that a risk management policy, in accordance with industry practice and which prohibits the company from entering into derivative transactions not in the normal course of business, has been implemented and complied with.

## FINANCIAL REPORTING PROCEDURES

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the committee further confirms that the company has established appropriate financial reporting procedures and that those procedures are operating.

## APPROVAL OF THE COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2018 financial year and that its report to shareholders has been approved by the board.



**Gregg Bayly**  
Chairperson Audit and Risk Committee  
13 June 2018

# SECRETARIAL CERTIFICATION

In accordance with section 88(2)(e) of the Companies Act, No. 71 of 2008, for the period ended 28 February 2018, it is hereby certified that the company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required and that such returns are true, correct and up to date.



**AJ Rich**  
On behalf of Statucor Proprietary Limited  
Company secretary

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF CASTLEVIEW PROPERTY FUND LIMITED

### Report on the audit of the consolidated and separate financial statements

#### Opinion

We have audited the consolidated and separate financial statements of Castleview Property Fund Limited (the group) set out on pages 42 to 72, which comprise the statements of financial position as at 28 February 2018, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position as at 28 February 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated and separate financial statements:

#### A) Valuation of investment properties (consolidated financial statements)

The valuation of the investment property was considered a matter of most significance to our current period audit due to the significant judgement and assumptions applied in determining the fair value of the investment property. The investment property is stated at its fair value based on the directors' valuation thereof. The directors used the discounted cash flow method to determine the fair value. We considered future cash flow values, discount rates and capitalisation values as the significant judgements.

Our audit procedures performed included the following:

- a) We tested the data inputs in the directors' cash flow forecast by agreeing them to approved and signed lease agreements and other supporting documentation.
- b) We calculated our own independent range of fair values and compared these to the directors' valuation. We considered the directors' fair value to fall within our acceptable range.

- c) On 2 October 2017, the group through one of its subsidiaries, Castleview One (Pty) Ltd, acquired via a business combination, control over FEC Prop (Pty) Ltd. As part of the group's purchase price allocation (refer key audit matter "*B) New business acquisition and related accounting*"), the group obtained a valuation from an independent valuer (refer to Note 3 of the financial statements). The directors compared their valuation and underlying assumptions at 28 February 2018 to that utilised by the valuer at 1 October 2017. The potential impact of these adjusting factors was found to be immaterial and accordingly no fair value adjustment was recognised for the period. Our audit procedures relevant to the valuation at 1 October 2017 included:
- (i) We assessed the competence, independence and experience of the external independent valuer used and considered the extent of management influence over the external valuer;
  - (ii) We agreed the property value utilised in the purchase price allocation to the underlying valuation report obtained from the valuer;
  - (iii) We assessed the reasonability of the valuation method and key assumptions used in the valuer's calculations.
- d) We assessed the adequacy of the disclosures in the financial statements in relation to the requirements of the financial reporting framework.

Refer to notes 1.3 and 3 of the financial statements for further details on the method and assumptions applied by the management that impact the fair value of the investment property.

#### **B) New business acquisition and related accounting (consolidated financial statements)**

During the period the group acquired through one of its subsidiaries, Castleview One (Pty) Ltd, control over FEC Prop (Pty) Ltd.

The accounting for this acquisition is governed by IFRS 3 Business Combinations whose requirements can be complex and requires the directors to exercise judgement in determining certain estimates. The most significant is the determination of the purchase price allocation which encompasses:

- a) Identifying the assets and liabilities acquired and determining their fair values;
- b) Determination of the intangible asset, goodwill and/or bargain purchase to be recognised on acquisition; and
- c) Determining the value of the considerations transferred.

We have determined this is a key audit matter due to the value of the current year's acquisition and the level of judgement and estimate involved in the purchase price allocation.

Further details of the acquisition has been disclosed in Note 23 to the financial statements. The acquiree's most significant asset was its investment property. As stated in Note 3 to the financial statements, an independent valuation was obtained from an external valuer on the acquisition date of the subsidiary.

Our procedures included, among others, the following:

- a) Refer to Key Audit Matter "*A) Valuation of investment properties paragraph c)*";
- b) For the valuation of other assets (excluding investment property) and liabilities, we assessed the adequacy of the valuation methods and appropriateness of key assumptions used;
- c) Recomputing the value of the considerations transferred with reference to the purchase agreements and ensuring the correct effective date was used;
- d) Recomputing the resulting bargain purchase to be recognised on acquisition; and
- e) Performing procedures to determine that the acquisition was included correctly in the consolidation.

The purchase allocation and the accounting for the acquisition transaction was assessed to be appropriate based on the evidence obtained.

# INDEPENDENT AUDITOR'S REPORT

## Separate Financial Statements

We have determined that there are no key audit matters in respect of the separate financial statements.

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the audit and risk committee and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year that Nolands Inc. has been appointed the auditor of Castlevue Property Fund Limited.

*Nolands Inc.*

Nolands Inc.  
Registered Auditor  
Per: Craig Stansfield  
Chartered Accountant (SA)  
Registered Auditor  
Director

Noland House  
River Park  
River Lane  
Mowbray  
7700

13 June 2018

# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Castlevue Property Fund Limited ("Castlevue" or the "company") and the group for the period ended 28 February 2018.

## 1. INCORPORATION

The company was incorporated on 6 July 2017 and obtained its certificate to commence business on the same day.

## 2. NATURE OF BUSINESS

Castlevue is an investment entity incorporated in South Africa with interests in the property holding industry. The company does not trade, and all its activities are undertaken through its principal subsidiary. The group operates in South Africa. The JSE granted Castlevue a listing of all its issued ordinary shares in the "Retail REITs" sector on the AltX of the JSE under the abbreviated name "Castlevue", JSE share code "CVW" and ISIN: ZAE00251633 with effect from 20 December 2017.

## 3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 71 of 2008.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these consolidated and separate financial statements.

## 4. SHARE CAPITAL OF THE COMPANY

		<b>2018</b> Number of shares
<b>Authorised</b>		
Ordinary shares of no par value		1 000 000 000
<b>Issued</b>		
Ordinary shares of no par value	<b>2018</b> R	<b>2018</b> Number of shares
	165 000 000	33 000 000

Refer to note 10 of the consolidated and separate financial statements for details of the movement in authorised and issued share capital.

## 5. DIVIDENDS

A final dividend of 16.71996 cents per share was approved by the board of directors on 16 May 2018 in South African currency in respect of the period ended 28 February 2018. The dividend payment date is 11 June 2018 to shareholders recorded in the register of the company at close of business on 8 June 2018. The declared dividend is in excess of the distributable earnings for the period, due to the board recommending that net income, previously being forecast to be retained, now be distributed. Given the nature of its business, Castlevue uses distribution per share as its key performance measure.

# DIRECTORS' REPORT

In accordance with the group's status as a REIT, the dividend declared meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act No 58 of 1962 (as amended).

## 6. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality	Changes
JWA Templeton	Chief Executive Officer	Executive	South African	Appointed 6 July 2017
E Kruger	Finance Director	Executive	South African	Appointed 25 October 2017
RG Volks	Chairperson	Independent non-executive	South African	Appointed 25 October 2017
A Padayachee	Director	Independent non-executive	South African	Appointed 25 October 2017
DJ Green	Director	Independent non-executive	South African	Appointed 25 October 2017
GC Bayly	Director	Independent non-executive	South African	Appointed 25 October 2017

There have been no other changes to the directorate for the period under review.

## 7. INTERESTS IN SUBSIDIARIES

Details of material interests in subsidiary companies are presented in the consolidated and separate financial statements in note 5.

On 10 August 2017 the group acquired 100% of the voting equity interest of Castlevue One (Pty) Ltd which resulted in the group obtaining control over Castlevue One (Pty) Ltd. Castlevue One (Pty) Ltd is principally involved in investment in property.

On 2 October 2017 the group, through its subsidiary Castlevue One (Pty) Ltd subscribed for 99.9% of the voting equity interest of FEC Prop (Pty) Ltd for R180 700 000 which resulted in the group obtaining control over FEC Prop (Pty) Ltd. FEC Prop (Pty) Ltd is principally a property holding company. The business combination was entered into in order to obtain exposure to the retail property sector through assets owned in FEC Prop (Pty) Ltd.

## 8. HOLDING COMPANY

The group's holding company is Urban Retail Property Investments 1 (Pty) Ltd which holds 90% of the group's equity. Urban Retail Property Investments 1 (Pty) Ltd is incorporated in South Africa.

## 9. EVENTS AFTER THE REPORTING PERIOD

A dividend of 16.71996 cents per share was declared on 16 May 2018. Please see note 26 for further details.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## 10. GOING CONCERN

The directors believe that the group and company have adequate financial resources to continue in operation for the next twelve months and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group or company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group or company.

## 11. AUDITORS

At the annual general meeting, the shareholders will be requested to reappoint Nolands Incorporated as the independent external auditors of the company and to confirm Mr Craig Stansfield CA(SA), RA as the designated lead audit partner for the 2019 financial period.

## 12. SECRETARY

The company secretary is Statucor Proprietary Limited.

**Business address:** 6th Floor  
119 – 123 Hertzog Boulevard  
Foreshore  
Cape Town  
8001

## 13. ANALYSIS OF SHAREHOLDERS

	Number of shares	%
<b>Shareholders' spread analysis as at 28 February 2018</b>		
1 – 10 000 shares	20 000	0.06
10 001 – 100 000 shares	724 000	2.19
100 001 – 1 000 000 shares	2 556 000	7.75
1 000 001 shares and over	29 700 000	90.00
	<b>33 000 000</b>	<b>100.00</b>
<b>Shareholders with an interest of 5% or more in shares</b>		
Urban Retail Property Investments 1 (Pty) Ltd	29 700 000	90.00

	Number of shareholders	%	Number of shares	%
<b>Public and non-public shareholders</b>				
Public shareholders	19	10	3 300 000	10
Non-public shareholders	1	90	29 700 000	90
	<b>20</b>	<b>100</b>	<b>33 000 000</b>	<b>100</b>

As at 28 February 2018, and up to the date of approval of the annual financial statements, none of the directors of Castlevue held a direct or indirect beneficial interest in Castlevue shares.

# CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2018

Figures in Rand	Notes	Group	Company
		28 February 2018	28 February 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	784 573	–
Investment property	3	308 690 842	–
Operating lease asset	4	6 152 965	–
Investments in subsidiaries	5	–	165 000 000
Deferred tax	6	429 433	–
		<b>316 057 813</b>	<b>165 000 000</b>
<b>Current assets</b>			
Loans to group companies	7	–	17 426 993
Trade and other receivables	8	1 320 458	285 000
Cash and cash equivalents	9	56 281 732	10 591 552
		<b>57 602 190</b>	<b>28 303 545</b>
<b>Total assets</b>		<b>373 660 003</b>	<b>193 303 545</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to equity holders of parent</b>			
Share capital	10	165 000 000	165 000 000
Accumulated profit (loss)		3 845 546	(1 925 153)
		<b>168 845 546</b>	<b>163 074 847</b>
<b>Non-controlling interest</b>		<b>186 660</b>	<b>–</b>
		<b>169 032 206</b>	<b>163 074 847</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loan from parent company	7	28 419 384	28 419 384
Other financial liabilities	11	164 055 652	–
		<b>192 475 036</b>	<b>28 419 384</b>
<b>Current liabilities</b>			
Trade and other payables	12	8 129 782	117 000
Loan from parent company	7	1 692 314	1 692 314
Current tax payable		2 330 665	–
		<b>12 152 761</b>	<b>1 809 314</b>
<b>Total liabilities</b>		<b>204 627 797</b>	<b>30 228 698</b>
<b>Total equity and liabilities</b>		<b>373 660 003</b>	<b>193 303 545</b>

# CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Notes	Group	Company
		8 months ended 28 February 2018	8 months ended 28 February 2018
Revenue	13	17 802 346	951 309
Other operating expenses		(10 089 950)	(1 182 723)
<b>Operating profit (loss)</b>	14	7 712 396	(231 414)
Investment income	15	1 808 880	–
Finance costs	16	(7 925 635)	(1 693 739)
Bargain purchase on acquisition of subsidiary	23	2 511 373	–
<b>Profit (loss) before taxation</b>		4 107 014	(1 925 153)
Taxation	17	(258 203)	–
<b>Total comprehensive income (loss) for the period</b>		3 848 811	(1 925 153)
<b>Profit (loss) attributable to:</b>			
Owners of the parent		3 845 546	(1 925 153)
Non-controlling interest		3 265	–
		3 848 811	(1 925 153)
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the parent		3 845 546	(1 925 153)
Non-controlling interest		3 265	–
		3 848 811	(1 925 153)
<b>Earnings per share information</b>			
Basic and diluted earnings per share (c)	18	12.97	

# CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Share capital	Accumulated profit/(loss)	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
<b>Group</b>					
Opening balance	–	–	–	–	–
Issue of shares	165 000 000	–	165 000 000	–	165 000 000
Business combinations	–	–	–	183 395	183 395
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>165 000 000</b>	<b>–</b>	<b>165 000 000</b>	<b>183 395</b>	<b>165 183 395</b>
Profit for the period	–	3 845 546	3 845 546	3 265	3 848 811
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>3 845 546</b>	<b>3 845 546</b>	<b>3 265</b>	<b>3 848 811</b>
<b>Balance at 28 February 2018</b>	<b>165 000 000</b>	<b>3 845 546</b>	<b>168 845 546</b>	<b>186 660</b>	<b>169 032 206</b>
Note	10				
<b>Company</b>					
Opening balance	–	–	–	–	–
Issue of shares	165 000 000	–	165 000 000	–	165 000 000
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>165 000 000</b>	<b>–</b>	<b>165 000 000</b>	<b>–</b>	<b>165 000 000</b>
Loss for the period	–	(1 925 153)	(1 925 153)	–	(1 925 153)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>(1 925 153)</b>	<b>(1 925 153)</b>	<b>–</b>	<b>(1 925 153)</b>
<b>Balance at 28 February 2018</b>	<b>165 000 000</b>	<b>(1 925 153)</b>	<b>163 074 847</b>	<b>–</b>	<b>163 074 847</b>
Note	10				

# CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

Figures in Rand	Notes	Group	Company
		8 months ended 28 February 2018	8 months ended 28 February 2018
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	19	8 230 661	(1 260 948)
Interest income		1 808 880	951 309
Finance costs		(5 479 615)	–
<b>Net cash from operating activities</b>		<b>4 559 926</b>	<b>(309 639)</b>
<b>Cash flows from investing activities</b>			
Business combinations	23	(23 623 773)	–
Investment in subsidiaries		–	(29 098 809)
<b>Net cash from investing activities</b>		<b>(23 623 773)</b>	<b>(29 098 809)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue		40 000 000	40 000 000
Other financial liabilities advanced		35 345 579	–
<b>Net cash from financing activities</b>		<b>75 345 579</b>	<b>40 000 000</b>
<b>Total cash movement for the period</b>		<b>56 281 732</b>	<b>10 591 552</b>
<b>Total cash and cash equivalents at end of the period</b>	9	<b>56 281 732</b>	<b>10 591 552</b>



# ACCOUNTING POLICIES

## 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") effective at the time of preparing these consolidated and separate financial statements, the JSE Listings Requirements and the Companies Act, No. 71 of 2008, as amended.

These consolidated and separate financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

First-time adoption of IFRS 1 has been applied in preparing these consolidated and separate financial statements.

### 1.2 Consolidation

#### Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.2 Consolidation (continued)

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

### 1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

#### Investment property

In the application of the accounting policy which is described in note 1.5 below, management is required to make judgements, estimates and assumptions about the fair value of the investment property that are not readily apparent from other sources.

The fair value of the investment property is determined using current rentals, expected market rentals, expected vacancies and appropriate capitalisation rates. The valuation of the investment property as at 28 February 2018, which was determined by the directors, was compared to the valuation performed by an independent valuer as more fully described in note 3 and the impact of any adjusting factors was found to be immaterial.

### 1.4 Investment in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

### 1.5 Investment property

Property comprising of freehold land and buildings that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

# ACCOUNTING POLICIES

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.5 Investment property (continued)

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

A gain or loss arising on disposal of investment property is recognised in profit or loss, measured as the difference between the disposal proceeds and the carrying amount.

### 1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure which is directly attributable to the acquisition of the asset.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 to 15 years
Furniture and fixtures	Straight line	5 to 15 years
Motor vehicles	Straight line	5 to 6 years
Office equipment	Straight line	5 to 7 years
Computer equipment	Straight line	5 years
Signage	Straight line	9 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.7 Financial instruments

#### Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

#### Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Transaction costs are included in the initial measurement of the instrument..

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

#### Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

# ACCOUNTING POLICIES

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.7 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost, using the effective interest rate method.

### 1.8 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

#### Taxation and deferred taxation

Income tax expense comprises current and deferred taxation. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on taxable income, after deducting the qualifying distribution for the period of assessment, using tax rates that have been enacted or substantively enacted by the reporting date and includes adjustments for tax payable in respect of previous years. In accordance with the REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

Withholding tax relating to foreign distributions received is recognised as part of the current tax expense. The distribution received is presented gross of withholding tax in the financial statements.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.8 Tax (continued)

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises:

- From the initial recognition of goodwill in a business combination;
- From the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable income; or
- Differences related to investments in subsidiaries, joint ventures and associates, to the extent that it is probable that they will not reverse in the foreseeable future and the group is able to control the reversal.

Deferred tax is not recognised on the fair value of investment properties. Such items will be realised through sale and, in accordance with the income tax requirements relating to the REIT status, capital gains tax is no longer applicable. Deferred tax is not recognised for temporary differences that will form part of future qualifying distributions.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income tax levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

The difference between the amount received and amount recorded as income is recorded as an operating lease asset on the face of the statement of financial position.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

### 1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

# ACCOUNTING POLICIES

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.10 Impairment of assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

### 1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Ordinary shares are classified as equity.

### 1.12 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

### 1.13 Revenue

Revenue comprises gross rental revenue including all recoveries from tenants, excluding value-added taxation. Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease period.

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using the effective interest rate method.

### 1.15 Segmental reporting

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.15 Segmental reporting (continued)

There are no secondary segments. The business segments are determined based on the group's management and internal reporting structure which will be determined by the group's management.

On a primary basis, the group operates in the following segment:

- Mixed use

The group will from time to time invest in or divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

Segments results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

### 1.16 Earnings per share

The group presents basic earnings per share and headline earnings per share for its shares.

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of shares in issue during the period.

Headline earnings per share is calculated by dividing the headline earnings attributable to equity holders by the weighted average number of shares in issue during the period, in compliance with circular 2 of 2015 by The South African Institute of Chartered Accountants.

There are no dilutionary instruments in issue.

### 1.17 Distributable earnings per share

Distributable earnings per share is calculated by dividing the distributable earnings calculated by the total number of shares in issue at period end.

Distributable earnings is calculated in compliance with the recommendations of best practice from the SA REIT Association, and exclude all those item that are traditionally not distributed, such as capital profits/losses from the disposal of investment property and fair value adjustments.

### 1.18 Distribution per share

Distribution per share is calculated by dividing the dividend declared by the board, by the total number of shares in issue at period end.

Dividend distributions to the company's shareholders are recognised as a liability in the company financial statements in the period in which the dividends are approved by the company's directors.

### 1.19 Net asset value per share

Net asset value per share is calculated by dividing the net assets by the total number of shares in issue at period end.

Net assets comprise total assets less total liabilities, less equity attributable to non-controlling interests.



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 2. PROPERTY, PLANT AND EQUIPMENT

Group Figures in Rand	2018		
	Cost	Accumulated depreciation	Carrying value
Plant and machinery	746 371	(39 310)	707 061
Furniture and fixtures	16 054	(4 208)	11 846
Motor vehicles	5 000	–	5 000
Office equipment	3 236	(436)	2 800
Computer equipment	15 798	(2 002)	13 796
Signage	61 879	(17 809)	44 070
<b>Total</b>	<b>848 338</b>	<b>(63 765)</b>	<b>784 573</b>

Reconciliation of property, plant and equipment – Group – 2018 Figures in Rand	Opening balance	Additions through business combinations	Depreciation	Total
Plant and machinery	–	746 371	(39 310)	707 061
Furniture and fixtures	–	16 054	(4 208)	11 846
Motor vehicles	–	5 000	–	5 000
Office equipment	–	3 236	(436)	2 800
Computer equipment	–	15 798	(2 002)	13 796
Signage	–	61 879	(17 809)	44 070
	–	848 338	(63 765)	784 573

### Property, plant and equipment encumbered as security

No property, plant and equipment have been pledged as security.

At period-end, there were no contractual commitments for the purchase of property, plant and equipment.

### 3. INVESTMENT PROPERTY

Figures in Rand	Group	Company
	8 months ended 28 February 2018 Carrying value	8 months ended 28 February 2018 Carrying value
<b>Group</b>		
Investment property at fair value	308 690 842	–
<b>Reconciliation of investment properties: Group – 2018</b>		
Additions through business combination	308 690 842	–
Recognised lease obligations arising from business combination	5 435 540	–
Recognised lease obligations during the period	717 425	–
Recognised in property, plant and equipment	156 193	–
<b>Valuation obtained</b>	<b>315 000 000</b>	<b>–</b>

#### Pledged as security

Mortgage bonds have been registered over the entire investment property as security for the interest-bearing liabilities as more fully described in note 11.

#### Details of property

##### Pier 14 shopping centre

A retail shopping centre located in Port Elizabeth.

This property consists of erven no. 3801 and 3536 situated in the Nelson Mandela Metropolitan Municipality held under title deed no. T19792/2007 and T20268/1994.

No contractual obligations exist to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 3. INVESTMENT PROPERTY (CONTINUED)

### Details of valuation

On 1 October 2017, the company obtained a valuation from an independent valuer, Michael Gibbons at Mills Fitchet Magnus Penny & Wolffs. Michael Gibbons is a registered professional property valuer with a National Diploma in Property Valuations. He is a Member of the Institute of Valuers and currently serves on the Executive committee of the Southern Branch of the South African Institute of Valuers. Mills Fitchet Magnus Penny & Wolffs are not connected to the company and have recent experience in location and category of the investment property being valued. The property was revalued using the discounted cash flow of future income streams method. The key assumptions used by the independent valuer in determining fair value were as follows:

- Discount rate 15.00%
- Market cap rate 10.00%
- Expense growth rate 7.00%
- Income growth rate 6.00%
- Initial yield 9.70%
- Discounted cash flow term 10 years

While the effective date of the valuation of the company's property portfolio was pre 28 February 2018, the directors of the company have considered the impact of any potential adjusting factors to the relevant inputs utilised by the valuer in his valuation model. The potential impact of these adjusting factors has been considered immaterial by the directors of the company, and consequently no fair value adjustment has been recognised for the period. These assumptions are based on current market conditions.

### Inter-relationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- Discount rate was lower/(higher);
- Capitalisation rate was lower/(higher);
- Expected expense growth rate was lower/(higher);
- Expected market rental growth rate was higher/(lower);
- Initial yield was lower/(higher);
- Exit capitalisation rate was lower/(higher).

	<b>Group</b>	<b>Company</b>
	<b>8 months ended</b>	<b>8 months ended</b>
	<b>28 February 2018</b>	<b>28 February 2018</b>
<b>Figures in Rand</b>		
<b>Amounts recognised in profit and loss for the period</b>		
Rental income from investment property	17 802 346	–
Direct operating expenses from rental generating property	(6 332 135)	–
	<b>11 470 211</b>	<b>–</b>

## 4. OPERATING LEASE ASSET

Figures in Rand	Group	Company
	8 months ended	8 months ended
	28 February 2018	28 February 2018
<b>Reconciliation of operating lease asset</b>		
Opening balance	–	–
Arising from business combinations	5 435 540	–
Current year movement	717 425	–
	<b>6 152 965</b>	<b>–</b>
Future minimum lease payments		
At period end, the future minimum lease payments under non-cancellable leases receivable were as follows:		
within one year	31 614 341	–
between one and five years	65 111 743	–
more than five years	21 031 755	–
	<b>117 757 839</b>	<b>–</b>

The company's investment property is held to generate rental income. Rental of property is expected to generate average rental yields of 10% on an ongoing basis. Lease agreements have terms from 1 to 10 years. There is no contingent rent receivable.

## 5. INTERESTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

During the period the company acquired 100% of the issued share capital of Castlevue One (Pty) Ltd for a consideration of R165 000 000.

During the period Castlevue One (Pty) Ltd subscribed for 99.9% of the shares in FEC Prop (Pty) Ltd for a consideration of R180 700 000.

### Group

Name of company Figures in Rand	Nature of business	Held by	% voting power 2018	% holding 2018	Carrying amount 2018
<b>Direct:</b>					
Castlevue One (Pty) Ltd	Investment holding	Castlevue Property Fund Limited	100.00%	100.00%	165 000 000
<b>Indirect:</b>					
FEC Prop (Pty) Ltd	Property holding	Castlevue One (Pty) Ltd	99.90%	99.90%	180 700 000

No impairment losses have been recognised during the period under review.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 6. DEFERRED TAX

	Group	Company
	8 months ended	8 months ended
	28 February 2018	28 February 2018
<b>Figures in Rand</b>		
<b>Deferred tax asset (liability)</b>		
Property, plant and equipment	(63 071)	–
Income received in advance	262 068	–
Provisions and accruals	10 575	–
Provision for doubtful debts	219 861	–
<b>Total deferred tax asset</b>	<b>429 433</b>	<b>–</b>
<b>Reconciliation of deferred tax asset (liability)</b>		
Additions through business combinations	221 519	–
Property, plant and equipment	2 963	–
Income received in advance	(13 349)	–
Provisions and accruals	(1 561)	–
Provision for doubtful debts	219 861	–
	<b>429 433</b>	<b>–</b>

## 7. LOANS TO/(FROM) GROUP COMPANIES

	Group	Company
	8 months ended	8 months ended
	28 February 2018	28 February 2018
<b>Figures in Rand</b>		
<b>Subsidiaries</b>		
Castlevision One (Pty) Ltd	–	17 426 993
This loan is unsecured, interest free and has no fixed date of repayment.		
The fair value of the loan receivable is estimated to approximate its carrying value due to the short term nature of the loan.		
<b>Parent company</b>		
Urban Retail Property Investments 1 (Pty) Ltd	(30 111 698)	(30 111 698)
This four-year loan facility is due and payable in full on 31 December 2021. This loan bears interest at SA Prime less 0.25% and is unsecured. Interest on this facility is capitalised to the loan for the duration of the loan and is repayable annually in arrears with the first payment being due on 31 December 2018.		
This loan facility is convertible into shares in the company at a conversion rate being the higher of the initial subscription price into the company of R5.00 per share or at the 3 day volume weighted average price ("VWAP") of the company at the date of exercise. This option exists at the election of either the company or Urban Retail Property Investments 1 (Pty) Ltd.		
The fair value of the loan payable is estimated to approximate its carrying value due to the interest being market related for similar entities.		
Current assets	–	17 426 993
Non-current liabilities	(28 419 384)	(28 419 384)
Current liabilities	(1 692 314)	(1 692 314)
	<b>(30 111 698)</b>	<b>(12 684 705)</b>

## 8. TRADE AND OTHER RECEIVABLES

Figures in Rand	Group	Company
	8 months ended 28 February 2018	8 months ended 28 February 2018
Trade receivables	673 937	–
Amounts due from related parties	285 000	285 000
Other receivables	236 096	–
Rental guarantee	125 425	–
	<b>1 320 458</b>	<b>285 000</b>
Gross trade receivables	1 569 277	–
Impairment provision	(895 340)	–
Net trade receivables	673 937	–
<b>Credit quality of trade and other receivables</b>		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates. No material historical default rates exist that require additional impairments.		
<b>Fair value of trade and other receivables</b>		
The fair value of trade receivables is estimated to be equivalent to the carrying amounts due to the short term nature of these receivables.		
<b>Trade and other receivables past due but not impaired</b>		
Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 28 February 2018, R360 180 were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	228 778	–
2 months past due	131 402	–
	<b>360 180</b>	<b>–</b>
<b>Trade and other receivables impaired</b>		
As of 28 February 2018, trade and other receivables of R895 340 were impaired and provided for.		
The ageing of these debts are as follows:		
Greater than 60 days	895 340	–
Reconciliation of provision for impairment of trade and other receivables		
Provision for impairment	895 340	–

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 9. CASH AND CASH EQUIVALENTS

	Group	Company
	8 months ended	8 months ended
	28 February 2018	28 February 2018
<b>Figures in Rand</b>		
Cash and cash equivalents consist of:		
Cash on hand	4 053	–
Bank balances	56 277 679	10 591 552
	<b>56 281 732</b>	<b>10 591 552</b>

The carrying value of cash and cash equivalents approximates its fair value, due to the short-term nature of these balances.

All cash at bank are held by major, reputable financial institutions that management believes are of high credit quality and accordingly minimal credit risks exist.

The carrying amounts of cash and cash equivalents represent the maximum credit exposure.

## 10. SHARE CAPITAL

### Authorised

Ordinary shares of no par value	1 000 000 000	1 000 000 000
---------------------------------	---------------	---------------

### Reconciliation of number of shares issued:

Opening balance	–	–
Issue of shares – ordinary shares of no par value	33 000 000	33 000 000
	<b>33 000 000</b>	<b>33 000 000</b>

Unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

### Issued

	R	R
No par value ordinary shares	165 000 000	165 000 000

## 11. OTHER FINANCIAL LIABILITIES

	Group	Company
	8 months ended	8 months ended
	28 February 2018	28 February 2018
<b>Figures in Rand</b>		
<b>Held at amortised cost</b>		
Mortgage bond	164 055 652	–
<p>In October 2017, the group entered into a loan agreement with Absa Bank Limited.</p> <p>This loan is on an interest only repayment profile for 36 months, following which the loan will be repayable in full.</p> <p>The loan bears interest at the South African Prime lending rate less 1%.</p> <p>The following security cession and credit support were provided:</p> <ul style="list-style-type: none"> <li>• Cession in security of rights in and to all leases and rentals in respect of the investment property;</li> <li>• Proceeds on any sale or transfer of the investment property;</li> <li>• Revenues in respect of the investment property;</li> <li>• Any claims in respect of insurance policies and insurance proceeds;</li> <li>• Limited guarantees by I Group Investments (Pty) Ltd for the amount of R25 000 000, including cession of claims and loan accounts;</li> <li>• A subordination agreement in terms of which all claims by Urban Retail Property Investments 1 (Pty) Ltd in I Group Investments (Pty) Ltd are subordinated in favour of the company; and</li> <li>• An undertaking by I Group Investments (Pty) Ltd to cover all funds needed for cash flow and interest shortfalls in respect of the investment property.</li> </ul> <p>The fair value of the other financial liability held at amortised cost is estimated to approximate its carrying value due to the interest rates being market related for similar entities.</p>		
<b>12. TRADE AND OTHER PAYABLES</b>		
Trade payables	1 434 488	–
Amounts received in advance	935 956	–
Value-added taxation	726 010	–
Deposits received	3 854 549	–
Other payables	1 178 779	117 000
	<b>8 129 782</b>	<b>117 000</b>
<p>The fair value of trade and other payables is estimated to be equivalent to the carrying amounts due to the short-term nature of these payables.</p>		
<b>13. REVENUE</b>		
Rental income – rental guarantee	125 425	–
Rental income	15 915 997	–
Interest income from investment in financial assets	–	951 309
Rental income from lease straight lining	717 425	–
Recoveries	1 043 499	–
	<b>17 802 346</b>	<b>951 309</b>



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 14. OPERATING PROFIT (LOSS)

Operating profit (loss) for the period is stated after charging (crediting) the following, among others:

<b>Figures in Rand</b>	<b>Group</b>	<b>Company</b>
	<b>8 months ended</b>	<b>8 months ended</b>
	<b>28 February 2018</b>	<b>28 February 2018</b>
<b>Auditor's remuneration</b>		
Audit fees	642 361	–
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	714 641	215 400
<b>Leases</b>		
<b>Operating lease charges</b>		
Equipment	71 675	–
<b>Depreciation</b>		
Depreciation of property, plant and equipment	63 765	–
<b>Other</b>		
Asset management fees	449 131	–
Bad debts provided for	895 340	–
Cleaning	534 678	–
Listing expenses	3 354 726	779 790
Rates and taxes	1 044 076	–
Repairs and maintenance	486 085	–
Security	723 172	–
<b>15. INVESTMENT INCOME</b>		
<b>Interest income</b>		
<b>From investments in financial assets:</b>		
Bank and other cash	1 808 880	–
<b>16. FINANCE COSTS</b>		
<b>Interest costs</b>		
Parent company	1 692 314	1 692 314
Other financial liabilities	6 195 296	–
Other interest paid	38 025	1 425
<b>Total finance costs</b>	<b>7 925 635</b>	<b>1 693 739</b>

## 17. TAXATION

Figures in Rand	Group 8 months ended 28 February 2018	Company 8 months ended 28 February 2018
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax – current period	466 118	–
<b>Deferred</b>		
Originating and reversing temporary differences	(207 915)	–
	<b>258 203</b>	<b>–</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	4 107 014	(1 925 153)
Tax at the applicable tax rate of 28%	1 149 964	(539 043)
<b>Tax effect of adjustments on taxable income</b>		
Permanent difference – S25BB Distribution (REIT)	(1 544 924)	–
Permanent difference – gain on bargain purchase	(703 184)	–
Permanent difference – listing expenses	921 068	218 341
Other permanent differences	113 962	–
Assessed losses not recognised	321 317	320 702
	<b>258 203</b>	<b>–</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 18. PER SHARE INFORMATION

<b>Figures in Rand</b>	<b>Group 2018</b>
Profit attributable to shareholders	3 845 546
Gain on bargain purchase in a business combination	(2 511 373)
Headline earnings	1 334 173
Lease straight-lining adjustment	(717 425)
Listing expenses	3 354 726
Depreciation	63 765
Deferred tax movement	(207 915)
Distributable income	3 827 324
Number of shares in issue	33 000 000
Weighted average number of ordinary shares in issue	29 658 228
Earnings per share (c)	12.97
Headline earnings per share (c)	4.50
Distributable earnings per share (c)	11.60
Net asset value per share (c)	511.65
Distribution per share (c)	16.72

The company does not have any potentially dilutionary instruments in issue.

<b>Figures in Rand</b>	<b>Group 8 months ended 28 February 2018</b>	<b>Company 8 months ended 28 February 2018</b>
Profit (loss) before taxation	4 107 014	(1 925 153)
<b>Adjustments for:</b>		
Depreciation	63 765	-
Interest income	(1 808 880)	(951 309)
Finance costs	7 925 635	1 693 739
Gain on bargain purchase	(2 511 373)	-
Movements in operating lease assets and accruals	(717 425)	-
<b>Changes in working capital:</b>		
Trade and other receivables	(1 270 800)	(285 000)
Trade and other payables	2 442 725	206 775
	<b>8 230 661</b>	<b>(1 260 948)</b>

## 20. CATEGORIES OF FINANCIAL INSTRUMENTS

<b>Group 2018</b> <b>Figures in Rand</b>	<b>Financial liabilities at amortised cost</b>	<b>Loans and receivables at amortised cost</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Trade and other receivables	–	1 320 458	1 320 458
Cash and cash equivalents	–	56 281 732	56 281 732
	–	57 602 190	57 602 190
<b>Liabilities</b>			
Non-current liabilities			
Other financial liabilities	164 055 652	–	164 055 652
Loan from parent company	28 419 384	–	28 419 384
	192 475 036	–	192 475 036
<b>Current liabilities</b>			
Loan from parent company	1 692 314	–	1 692 314
Trade and other payables*	6 467 814	–	6 467 814
	8 160 128	–	8 160 128
<b>Company 2018</b> <b>Figures in Rand</b>			
<b>Assets</b>			
Current assets			
Loans to group companies	–	17 426 993	17 426 993
Trade and other receivables	–	285 000	285 000
Cash and cash equivalents	–	10 591 552	10 591 552
	–	28 303 545	28 303 545
<b>Liabilities</b>			
Non-current liabilities			
Loan from parent company	28 419 384	–	28 419 384
	28 419 384	–	28 419 384
<b>Current liabilities</b>			
Loan from parent company	1 692 314	–	1 692 314
Trade and other payables*	117 000	–	117 000
	1 809 314	–	1 809 314

\* Value-added tax and amounts received in advance are non-financial liabilities and excluded from above.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 21. RISK MANAGEMENT

### Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 7 and 11, cash and cash equivalents disclosed in note 9, and equity as disclosed in the consolidated and separate statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. REIT legislation requires that a minimum of 75% of distributable income be distributed to shareholders annually.

Consistent with others in the industry, the group monitors capital on the basis of the loan to value ratio.

The loan to value ratio is calculated by dividing interest bearing borrowings, net of cash on hand, by the total of investment properties.

The group's strategy is to maintain a loan to value ratio of between 45% to 55%. REIT legislation requires that the loan to value ratio be below 60%.

The loan to value ratio at 2018 was as follows:

Loan to value ratio                      44%

### Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>Group</b>			
<b>At 28 February 2018</b>		<b>Less than</b>	<b>Between</b>
<b>Figures in Rand</b>		<b>1 year</b>	<b>2 and 5 years</b>
Other financial liabilities		–	164 055 652
Loan from parent company		1 692 314	28 419 384
Trade and other payables*		6 467 814	–
<hr/>			
<b>Company</b>			
<b>At 28 February 2018</b>		<b>Less than</b>	<b>Between</b>
<b>Figures in Rand</b>		<b>1 year</b>	<b>2 and 5 years</b>
Trade and other payables*		117 000	–
Loan from parent company		1 692 314	28 419 384

\* Value-added tax and amounts received in advance are non-financial liabilities and excluded from above.

## 21. RISK MANAGEMENT (CONTINUED)

### Interest rate risk

The group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Group policy is to maintain approximately 50% of its borrowings in fixed rate instruments. During 2018 however, the group's borrowings were maintained at variable rates as variable rate interest earnings on cash and equivalents held offsets the risk of fluctuations in interest rates.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

At 28 February 2018, if interest rates on Rand denominated borrowings had been 1% higher/lower with all other variables held constant, post tax profit for the period would have been R429 665 lower/higher for the group, and R52 151 lower/higher for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

### Cash flow interest rate risk

Group Financial instrument Figures in Rand	Current interest rate	Due in		
		Due in less than a year	two to three years	Due in three to four years
Cash in current banking institutions*	6.25%	56 277 679	–	–
Bond over property – floating rate	9.25%	–	164 055 652	–
Loan from parent company	10.00%	1 692 314	–	28 419 384

Company Financial instrument Figures in Rand	Current interest rate	Due in three	
		Due in less than a year	to four years
Cash in current banking institutions	6.25%	10 591 552	–
Loan from parent company	10.00%	1 692 314	28 419 384
Loan to group company	0%	17 426 993	–

### Credit risk

Credit risk consists mainly of cash and cash equivalents and other trade debtors. The group only deposits cash with major banks with high quality credit standing.

Trade receivables comprise a concentrated customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at period end were as follows:

Financial instrument Figures in Rand	Group 2018	Company 2018
Cash and cash equivalents*	56 277 679	10 591 552
Trade and other receivables	1 320 458	285 000
Loans to group companies	–	17 426 993

\* The group is not exposed to credit risk in relation to cash on hand and it is consequently excluded from above.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 22. FAIR VALUE INFORMATION

### Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Figures in Rand	Notes	Group	Company
		8 months ended 28 February 2018	8 months ended 28 February 2018
<b>Levels of fair value measurements</b>			
<b>Level 3</b>			
<b>Recurring fair value measurements</b>			
<b>Assets</b>			
<b>Investment property</b>			
Pier 14 Shopping Centre	3	314 843 807	–
<b>Total</b>		<b>314 843 807</b>	<b>–</b>

The fair value of trade and other receivables, cash and cash equivalents and trade and other payables approximate their carrying value and are not included in the hierarchy analysis as their settlement terms are short term and therefore from a materiality perspective their fair values are not required to be modelled.

## 23. BUSINESS COMBINATIONS

### FEC Prop (Pty) Ltd (Previously Gritprop Investments (Pty) Ltd)

On 2 October 2017 the group, through its subsidiary Castleview One (Pty) Ltd subscribed for 99.9% of the voting equity interest of FEC Prop (Pty) Ltd which resulted in the group obtaining control over FEC Prop (Pty) Ltd. FEC Prop (Pty) Ltd is principally a property holding company. The business combination was entered into in order to obtain exposure to the retail property sector through assets owned in FEC Prop (Pty) Ltd.

<b>Figures in Rand</b>	<b>Group</b> <b>8 months</b> <b>ended</b> <b>28 February</b> <b>2018</b>
<b>Fair value of assets acquired and liabilities assumed</b>	
Property, plant and equipment	848 338
Investment property (including operating lease asset)	314 126 382
Deposits held	(3 824 725)
Trade and other receivables	49 667
Cash and cash equivalents*	5 475 036
Other financial liabilities	(127 446 612)
Deferred tax	221 519
Shareholder loan	(2 105 159)
Trade and other payables	(2 085 131)
Current tax payable	(1 864 547)
Total identifiable net assets	183 394 768
Non-controlling interest (0.1% of fair value of total identifiable net assets)	(183 395)
Gain on a bargain purchase in a business combination	(2 511 373)
	<b>180 700 000</b>
<b>Acquisition date fair value of consideration paid</b>	
Cash*	(29 098 809)
Other loans and receivables, being a loan receivable from I Group Investments (Pty) Ltd ceded to the company	(151 601 191)
	<b>(180 700 000)</b>
	<b>(23 623 773)</b>

The gain on a bargain purchase occurred due to directors' valuation of investment property during negotiations being R2.5 million lower than the independent valuation obtained on date of acquisition.

FEC Prop (Pty) Ltd earned revenue of R17 802 346 and profit after tax of R3 264 792 from 2 October 2017 to period-end.



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 24. RELATED PARTIES

### Relationships

Parent company	Urban Retail Property Investments 1 (Pty) Ltd
Subsidiaries	Refer to note 5
Companies under common directorships	Castleview Asset Managers (Pty) Ltd

	Group	Company
	8 months ended 28 February 2018	8 months ended 28 February 2018
<b>Figures in Rand</b>		
<b>Related party balances</b>		
<b>Loan accounts</b>		
Urban Retail Property Investments 1 (Pty) Ltd	(30 111 698)	(30 111 698)
Castleview One (Pty) Ltd	–	17 426 993
<b>Amounts included in Trade receivables (Trade payables) regarding related parties</b>		
Castleview Asset Managers (Pty) Ltd	285 000	285 000
<b>Related party transactions</b>		
<b>Interest capitalised on loan owing to parent company</b>		
Urban Retail Property Investments 1 (Pty) Ltd	1 692 314	1 692 314
<b>Asset management fees paid to company under common directorship</b>		
Castleview Asset Managers (Pty) Ltd	449 131	–
During the period under review, the group entered into an asset management agreement whereby Castleview Asset Managers (Pty) Ltd would provide certain asset management services to the group, for a fee of 0.5% of the enterprise value, which is defined at an amount equal to the market capitalisation plus borrowings.		
<b>Compensation to directors and other key management</b>		
Short-term employee benefits	215 400	215 400

## 25. DIRECTORS' EMOLUMENTS

Executive and non-executive  
Group and company

	Directors' emoluments	Director's fee via Castleview Asset Managers (Pty) Ltd	Total
<b>2018</b>			
<b>Figures in Rand</b>			
E Kruger*	–	240 000	240 000
RG Volks**	50 000	–	50 000
A Padayachee**	54 200	–	54 200
DJ Green**	54 200	–	54 200
GC Bayly**	57 000	–	57 000
	<b>215 400</b>	<b>240 000</b>	<b>455 400</b>

There were no benefits paid to the executive directors other than the remuneration disclosed.

\* Executive director.

\*\* Independent non-executive director.

## 26. DIVIDEND PAYABLE

On 16 May 2018, the board approved a dividend of 16.71996 cents per share for the eight months ended 28 February 2018.

## 27. SEGMENT ANALYSIS

### Segment information

At 28 February 2018, the group is organised into one main operating segment:

As stated in note 3, Investment property, the group owns one property.

- Mixed use

28 February 2018 Figures in Rand	Mixed use	Admin and corporate costs	Total
Revenue	17 802 346	–	17 802 346
Property operating expenses	(6 332 135)	–	(6 332 135)
Administrative expenses	–	(3 757 815)	(3 757 815)
<b>Operating profit (loss)</b>	<b>11 470 211</b>	<b>(3 757 815)</b>	<b>7 712 396</b>
Bargain purchase on acquisition of subsidiary	–	2 511 373	2 511 373
Investment income	857 562	951 318	1 808 880
Finance costs	(6 231 893)	(1 693 742)	(7 925 635)
<b>Profit (loss) before taxation</b>	<b>6 095 880</b>	<b>(1 988 866)</b>	<b>4 107 014</b>
Taxation	(258 203)	–	(258 203)
<b>Profit (loss) for the period</b>	<b>5 837 677</b>	<b>(1 988 866)</b>	<b>3 848 811</b>
Non-controlling interest	(3 265)	–	(3 265)
<b>Profit (loss) attributable to owners of the parent</b>	<b>5 834 412</b>	<b>(1 988 866)</b>	<b>3 845 546</b>
Reconciliation of profit for the period to distributable income:			
Gain on bargain purchase in a business combination			(2 511 373)
Headline earnings			1 334 173
Lease straight-lining adjustment			(717 425)
Listing expenses			3 354 726
Depreciation			63 765
Deferred tax movement			(207 915)
Distributable income			3 827 324

The amounts provided to management with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

28 February 2018 Figures in Rand	Mixed use	Admin and corporate costs	Total
Property, plant and equipment	784 573	–	784 573
Investment property	308 690 842	–	308 690 842
Operating lease asset	6 152 965	–	6 152 965
Deferred tax	429 433	–	429 433
Trade and other receivables	1 035 458	285 000	1 320 458
Cash and cash equivalents	45 689 379	10 592 353	56 281 732
	<b>362 782 650</b>	<b>10 877 353</b>	<b>373 660 003</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 27. SEGMENT ANALYSIS (CONTINUED)

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that in the statement of financial position. These liabilities are allocated based on the operations of the segment.

<b>28 February 2018</b> <b>Figures in Rand</b>	<b>Mixed</b> <b>use</b>	<b>Admin and</b> <b>corporate</b> <b>costs</b>	<b>Total</b>
Other financial liabilities	164 055 652	–	164 055 652
Loan from parent company	–	30 111 698	30 111 698
Trade and other payables	8 012 782	117 000	8 129 782
Current tax payable	2 330 665	–	2 330 665
	<b>174 399 099</b>	<b>30 228 698</b>	<b>204 627 797</b>

## 28. RENTAL GUARANTEE

Per the subscription agreement dated 18 August 2017 between Castlevue One (Pty) Ltd and K2017099441 (South Africa) (Pty) Ltd for the subscription into FEC Prop (Pty) Ltd, K2017099441 (South Africa) (Pty) Ltd guaranteed certain minimum rental income for the first 24 months after acquisition. The shortfall for the period up to 28 February 2018 was R125 425.

## 29. REPORTING PERIOD AND COMPARATIVE FIGURES

The current reporting period is eight months, as the company was incorporated on 6 July 2017. No comparative figures have been presented as these are the first consolidated and separate financial statements for the group and company. As a result, the current period is shorter than a year.

## 30. EVENTS AFTER THE REPORTING PERIOD

Other than the dividend declared as disclosed in note 26, the directors are not aware of any matters or circumstances arising subsequent to the period end that require any additional disclosure or adjustment to the consolidated and separate financial statements.

## 31. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

## Castleview Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number 2017/290413/06)

JSE share code: CVW ISIN: ZAE000251633

(Approved as a REIT by the JSE)

("Castleview" or "the company" or "the group")

Notice is hereby given that the annual general meeting of shareholders of Castleview will take place at Noland House, River Park, River Lane, Mowbray, Cape Town on Friday, 27 July 2018 at 10:00 ("**the annual general meeting**") for the purposes of:

- presenting of the audited consolidated annual financial statements of the company and the group, including the reports of the directors, the social and ethics committee and the audit and risk committee, for the period ended 28 February 2018.  
A copy of the complete consolidated annual financial statements of the company for the preceding financial year, being 31 August 2017, may be obtained from the company's registered office at Suite 411, The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company, including the reappointment of the auditors and the re-election of retiring directors; and
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below:

## IMPORTANT DATES

2018

Record date for purposes of receiving this notice:	Friday, 8 June
Last day to trade in order to be eligible to participate in and vote at the annual general meeting:	Tuesday, 17 July
Record date for purposes of voting at the meeting (" <b>voting record date</b> "):	Friday, 20 July
Annual general meeting held at 10:00 on:	Friday, 27 July
Results of annual general meeting released on SENS on:	Friday, 27 July

Kindly note that in terms of section 62(3)(e) of the Companies Act, No. 71 of 2008 ("**the Companies Act**"):

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder;
- a proxy need not also be a shareholder of the company;
- meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting; and
- the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

Forms of identification include valid identity documents, drivers' licences and passports.

## 1. ORDINARY RESOLUTION NUMBER 1: ELECTION OF ELANA KRUGER AS A DIRECTOR

"Resolved to elect as a director Mrs Elana Kruger who was appointed by the board of directors in terms of clause 27.4.1.1 of the company's Memorandum of Incorporation on 25 October 2017 and who will cease to hold office at the end of the annual general meeting unless elected at the annual general meeting."

The board of directors has considered Mrs Elana Kruger's performance and contribution to the company during the period ended 28 February 2018 and recommends that she be elected as a director of the company.

An abridged *curriculum vitae* is included on page 6 of the integrated annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

## 2. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF RICHARD VOLKS AS A DIRECTOR

Mr Richard Volks retires by rotation and, being eligible, offers himself for re-election as a non-executive director of the company.

"Resolved that the re-election of Mr Richard Volks as non-executive director to the company be confirmed."

An abridged *curriculum vitae* is included on page 6 of the integrated annual report of which this notice forms part.

The board of directors has considered Mr Richard Volks' past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 3. ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF GREGORY BAYLY AS A DIRECTOR

Mr Gregory Bayly retires by rotation and, being eligible, offers himself for re-election as a non-executive director of the company.

"Resolved that the re-election of Mr Gregory Bayly's as non-executive director to the company be confirmed."

An abridged *curriculum vitae* is included on page 6 of the integrated annual report of which this notice forms part.

The board of directors has considered Mr Gregory Bayly past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 4. ORDINARY RESOLUTION NUMBER 4: RE-ELECTION OF DAVID GREEN AS A DIRECTOR

Mr David Green retires by rotation and, being eligible, offers himself for re-election as a non-executive director of the company.

"Resolved that the re-election of Mr David Green's as non-executive director to the company be confirmed."

An abridged *curriculum vitae* is included on page 6 of the integrated annual report of which this notice forms part.

The board of directors has considered Mr David Green past performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 5. ORDINARY RESOLUTION NUMBER 5: RE-ELECTION AVESH PADAYACHEE AS A DIRECTOR

Mr Avesh Padayachee retires by rotation and, being eligible, offers himself for re-election as a non-executive director of the company.

"Resolved that the re-election of Mr Avesh Padayachee as non-executive director to the company be confirmed."

An abridged *curriculum vitae* is included on page 6 of the integrated annual report of which this notice forms part.

The board of directors has considered Mr Avesh Padayachee performance and contribution to the company and recommends that he be re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 6. ORDINARY RESOLUTION NUMBERS 6.1 TO 6.3: RE-APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

### 6.1 Ordinary resolution number 6.1

#### Re-appointment of Mr Gregory Bayly as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008, but subject to the passing of ordinary resolution number 3 above, to appoint Mr Gregg Bayly as a member of the audit and risk committee."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

### 6.2 Ordinary resolution number 6.2

#### Re-appointment of Mr Richard Volks as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008, but subject to the passing of ordinary resolution number 2 above, to appoint Mr Richard Volks as a member of the audit and risk committee, whose dual role as Chairman of the board of directors and member of the audit and risk committee is specifically approved."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

### 6.3 Ordinary resolution number 6.3

#### Re-appointment of Mr Avesh Padayachee as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, No. 71 of 2008, but subject to the passing of ordinary resolution number 5 above, to appoint Mr Avesh Padayachee as a member of the audit and risk committee."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 7. ORDINARY RESOLUTION NUMBER 7: RE-APPOINTMENT OF AUDITORS

"Resolved that Nolands Inc., together with Mr Craig Stansfield, being the designated audit partner, be appointed as the auditors of the company."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, No. 71 of 2008, Nolands Inc. In accordance with paragraph 3.84(3)(iii) of the JSE Listings Requirements, the audit and risk committee further confirms that it has assessed the suitability of the appointment of Nolands Inc. and Mr Craig Stansfield.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 8. ORDINARY RESOLUTION NUMBER 8: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act, No. 71 of 2008, the Memorandum of Incorporation of the company, the JSE Listings Requirements, and the following limitations, namely that:

- a. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such options, securities or rights that are convertible into a class already in issue;

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

- b. any such issue will be made to “public shareholders” and not “related parties”, as defined in the JSE Listings Requirements;
- c. the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 3 300 000 shares, being 10% (ten percent) of the company’s issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 3 300 000 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- d. in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- e. this authority shall be valid until the company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- f. an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to the issue; and
- g. in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company.”

For the avoidance of doubt, all issues of shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to foregoing provisions, be in accordance with the JSE Listings Requirements.

In order for ordinary resolution number 8 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution in accordance with the JSE Listings Requirements.

## 9. ORDINARY RESOLUTION 9: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

“Resolved that, subject to the provisions of the Companies Act, No. 71 of 2008, the company’s Memorandum of Incorporation and JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to allot and issue shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the company pursuant to a reinvestment option.”

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

## 10. NON-BINDING ADVISORY RESOLUTION NUMBER 1: ENDORSEMENT OF REMUNERATION POLICY

“Resolved by way of a non-binding advisory vote, that the remuneration policy of the company as set out in the 2018 Integrated Report be approved.”

In terms of King IV Report on Corporate Governance™ (“King IV™”) and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the company’s remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted, but will not be binding on the company. The remuneration policy is included in the Remuneration Report on page 21 of the integrated annual report of which this notice forms part.

## 11. NON-BINDING ADVISORY RESOLUTION NUMBER 2: ENDORSEMENT OF REMUNERATION IMPLEMENTATION REPORT

"Resolved by way of a non-binding advisory vote, that the remuneration implementation report in respect of the remuneration policy as set out in the 2018 Integrated Report be approved."

In terms of King IV™ and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the implementation report of the company's remuneration policy. The vote allows shareholders to express their views on the extent of implementation of the company's remuneration policy, but will not be binding on the company. The implementation report is included in the Remuneration Report on page 21 of the integrated annual report of which this notice forms part.

In the event of 25% or more of shareholders voting against non-binding resolutions number 1 and 2, the board of directors is committed to engaging actively with shareholders in this regard in order to ascertain the reasons therefore and to address all legitimate and reasonable objections or concerns.

## 12. SPECIAL RESOLUTION NUMBER 1: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES

"Resolved as a special resolution that, to the extent required by section 45 of the Companies Act, No. 71 of 2008 (the "**Companies Act**"), the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting of the company."

### Reason for and effect of special resolution number 1

The reason and effect of special resolution number 1 is to grant the Board of directors the authority to authorise the company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

The resolution is intended mainly to enable the company to provide inter-company loans and guarantees within the group but will also permit the board of directors to authorise financial assistance to related parties.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

## 13. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES

"Resolved as a special resolution that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire shares issued by the company, in terms of sections 46 and 48 of the Companies Act, No. 71 of 2008 (the "**Companies Act**") and in terms of the JSE Listings Requirements being that:

- a. any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counterparty;
- b. this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- c. the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
- d. acquisitions of shares in the aggregate in any one financial year may not exceed 10% of the company's issued ordinary share capital as at the date of passing this special resolution;



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- e. in determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;
- f. at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
- g. repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted in writing to the JSE prior to the commencement of the prohibited period;
- h. an announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the aforesaid threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions; and
- i. the board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group."

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action. The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group fairly valued in accordance with International Financial Reporting Standards; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 41.
- Capital structure of the company – page 60 (note 10).

## Directors' responsibility statement

The directors whose names appear on pages 6 and 7 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

## Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial period ended 28 February 2018 and up to the date of this notice.

**Reason for and effect of special resolution 2**

The reason for and effect of special resolution 2 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

**14. SPECIAL RESOLUTION NUMBER 3: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES**

"Resolved, as a special resolution, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act, No. 71 of 2008) be and are hereby approved with effect from 1 March 2018 for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest, as follows:

3.1	Chairman of the board	R120 000 per annum
3.2	Member of the board	R120 000 per annum

Above amounts exclude VAT payable where applicable.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

**15. ORDINARY RESOLUTION NUMBER 10: SIGNATURE OF DOCUMENTATION**

"Resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions number 1 to 9, non-binding resolutions number 1 and 2, and special resolutions number 1 to 3 which are passed by the shareholders."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

**Voting and proxies**

Any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder/as a proxy for a shareholder) has been reasonably verified.

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his stead. The proxy need not be a shareholder of the company.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share in the company held by such shareholder.

A form of proxy is enclosed for the convenience of certificated and own name dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such shareholders are requested to complete and return the attached form of proxy and lodge it with the Transfer Secretaries of the company, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) or by email to [meetfax@linkmarketservices.co.za](mailto:meetfax@linkmarketservices.co.za), at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting or the transfer secretaries present at the annual general meeting, prior to voting on any resolution proposed at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dematerialised shareholders who have not elected own name registration in the sub-register of the company through a Central Securities Depository Participant (“CSDP”) and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected “own name” registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker. Such shareholders are advised that they must provide their CSDP or broker with separate voting instructions in respect of their shares.

## Electronic participation

The company has made provision for shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Wednesday, 25 July 2018 by submitting via email to the Company Secretary at [alun@statucor.co.za](mailto:alun@statucor.co.za) or faxed to +27 21 460 6336, for the attention of Alun Rich, with the relevant contact details, including:

- an email address;
- cellphone number and landline; and
- full details of the shareholder's title to securities issued by the company and proof of identity;
  - for certificated ordinary shares – copies of identity documents and share certificates; and
  - for dematerialised ordinary shares – written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised ordinary shares.

Upon receipt of the required information the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility. Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the annual general meeting through this medium.

Forms of proxy may also be obtained on request from the company's registered office.

## By order of the board of directors

### Company Secretary

Statucor Proprietary Limited, 8th Floor, 119 Hertzog Boulevard  
Foreshore, Cape Town, 8001, PO Box 3883, Cape Town, 8000

### Registered office and business address

Suite 411, The Hills, Buchanan Square, 160 Sir Lowry Road, Woodstock, Cape Town, 7925

### Transfer Secretaries

Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or PO Box 4844, Johannesburg, 2000

# FORM OF PROXY

## Castleview Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number 2017/290413/06)

JSE share code: CVW ISIN: ZAE000251633

(Approved as a REIT by the JSE)

("Castleview" or "the company" or "the group")

Where appropriate and applicable the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of, bear the same meanings in this form of proxy.

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of Central Securities Depository participant's (CSDP) and brokers' nominee companies, registered as such at the close of business on 20 July 2018 (the voting record date), at the annual general meeting will take place at Noland House, River Park, River Lane, Mowbray, Cape Town on 27 July 2018 at 10:00 (the annual general meeting) or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We \_\_\_\_\_ (full names in block letters please)

of \_\_\_\_\_ (address)

being the holder/s of \_\_\_\_\_ shares

hereby appoint: 1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner:

	Number of votes		
	*For	*Against	*Abstain
Ordinary resolution number 1: Election of Elana Kruger as director			
Ordinary resolution number 2: Re-election of Richard Volks as director			
Ordinary resolution number 3: Re-election of Gregory Bayly as director			
Ordinary resolution number 4: Re-election of David Green as director			
Ordinary resolution number 5: Re-election of Avesh Padayachee as director			
Ordinary resolution number 6: Re-appointment of the members of the audit and risk committee:			
6.1 Gregg Bayly (chairperson)			
6.2 Richard Volks			
6.3 Avesh Padayachee			
Ordinary resolution number 7: Re-appointment of auditors			
Ordinary resolution number 8: General authority to issue shares for cash			
Ordinary resolution number 9: Specific authority to issue shares pursuant to a reinvestment option			
Non-binding advisory resolution number 1: Endorsement of remuneration policy			
Non-binding advisory resolution number 2: Endorsement of remuneration implementation report			
Special resolution number 1: Financial assistance to related or inter-related companies			
Special resolution number 2: Share repurchases			
Special resolution number 3: Approval of non-executive directors' fees			
3.1 Chairman of the board			
3.2 Member of the board			
Ordinary resolution number 10: Signature of documentation			

One vote per share held by shareholders recorded in the register on the voting record date. Mark "for", "against" or "abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit. Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_ (State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy should be deposited at Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or posted to P O box 4844, Johannesburg, 2000 or by email to meetfax@linkmarketservices.co.za. Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the meeting in order to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman of the annual general meeting at any time prior to voting on any resolution proposed at the annual general meeting.

# NOTES TO THE FORM OF PROXY

Please read the notes below

1. This form of proxy is only to be completed by those ordinary shareholders who are:
  - a. Holding ordinary shares in certificated form; or
  - b. Recorded in the sub-register in electronic form in their "own name";on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Link Market Services South Africa Proprietary Limited, in order to vote at the annual general meeting being 20 July 2018, and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand, with the transfer secretaries of the company (being Link Market Services South Africa Proprietary Limited), that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak, and, on a poll, vote at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the form of proxy is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholders' votes exercisable thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
6. The forms of proxy should be lodged at Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, or posted to P O Box 4844, Johannesburg, 2000 or emailed to [meetfax@linkmarketservices.co.za](mailto:meetfax@linkmarketservices.co.za). Shareholders are requested to furnish such forms to the transfer secretaries at least 48 hours prior to the date of the annual general meeting in order to allow for processing of the forms of proxy. Alternatively, the form of proxy may be handed to the transfer secretaries or the chairman of the annual general meeting at any time prior to voting on any proposed resolution at the annual general meeting.
7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
10. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Link Market Services South Africa Proprietary Limited or waived by the chairman of the annual general meeting.
12. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Link Market Services South Africa Proprietary Limited.
13. Where there are joint holders of shares:
  - 13.1 any one holder may sign the form of proxy; and
  - 13.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
14. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Link Market Services South Africa Proprietary Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, to reach the company by no later than 12:00 on 25 July 2018, or prior to the annual general meeting.
15. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
16. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, No. 71 of 2008 ("**the Companies Act**"), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is set out below, or prior to the annual general meeting.

## Extract from the Companies Act

"58. Shareholder right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment –
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) remains valid for –
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy –
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
  - (a) the shareholder; or
  - (b) the proxy or proxies, if the shareholder has –
    - (i) directed the company to do so, in writing; and
    - (ii) paid any reasonable fee charged by the company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
  - (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
    - (i) bear a reasonably prominent summary of the rights established by this section;
    - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  - (c) the company must not require that the proxy appointment be made irrevocable; and
  - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

# SHAREHOLDER INFORMATION

## Shareholders' diary

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Financial year-end	28 February
Announcement of annual results	17 May 2018
Integrated report released	18 June 2018
Annual general meeting	27 July 2018
Announcement of interim results	October 2018

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# DEFINITIONS

<b>"AltX"</b>	the Alternative Exchange of the JSE;
<b>"asset manager" or "Castleview Asset Managers"</b>	Castleview Asset Managers Proprietary Limited (Registration number 2017/363399/07) (formerly K2017363399 Proprietary Limited), a private company registered and incorporated in accordance with the laws of South Africa;
<b>"board" or "directors" or "board of Castleview"</b>	the board of directors of Castleview;
<b>"business day"</b>	any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>"Castleview" or "the company"</b>	Castleview Property Fund Limited (Registration number 2017/290413/06), a public company registered and incorporated in terms of the laws of South Africa and listed on the JSE;
<b>"Castleview group" or "the group"</b>	collectively, Castleview and its subsidiaries;
<b>"Castleview One"</b>	Castleview One Proprietary Limited (Registration number 2017/290458/07) (formerly K2017290458 Proprietary Limited), a private company registered and incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the company;
<b>"Castleview shareholders" or "shareholders"</b>	holders of Castleview shares, as recorded in the share register;
<b>"certificated shareholders"</b>	Castleview shareholders who hold certificated shares;
<b>"certificated shares"</b>	Castleview shares which have not yet been dematerialised into the Strate system, title to which is represented by share certificates or other physical documents of title;
<b>"common monetary area"</b>	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
<b>"Companies Act"</b>	the Companies Act, No. 71 of 2008, as amended;
<b>"Companies Regulations"</b>	the Companies Regulations, 2011 promulgated in Government Gazette No. 34239 in terms of section 223 of the Companies Act;
<b>"CSDP"</b>	a Central Securities Depository Participant in South Africa appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
<b>"dematerialisation" or "dematerialised"</b>	the process whereby ownership of shares evidenced by certificated shares and/or some other tangible documents of title are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP or broker in South Africa;
<b>"dematerialised shareholders"</b>	Castleview shareholders who hold dematerialised shares;
<b>"dematerialised shares"</b>	Castleview shares having been dematerialised and incorporated into the Strate system, title to which is no longer represented by share certificates or other physical documents of title;



# DEFINITIONS

<b>"FEC Prop"</b>	FEC Prop Proprietary Limited (Registration number 1969/008329/07) (formerly Gritprop Investments Proprietary Limited), a private company registered and incorporated in terms of the laws of South Africa, a subsidiary of the company;
<b>"GLA"</b>	gross lettable area being the total area of a property that can be rented to a tenant;
<b>"government"</b>	the government of South Africa;
<b>"independent reporting accountants" or "Nolands Jhb Inc."</b>	Nolands Jhb Inc. (Registration number 2006/008947/21) a personal liability company duly incorporated in terms of the laws of South Africa;
<b>"independent auditors" or "Nolands Inc."</b>	Nolands Inc. (Registration number 2000/004145/21) a personal liability company duly incorporated in terms of the laws of South Africa;
<b>"independent property valuer" or "Mills Fitchet"</b>	Mills Fitchet Magnus Penny Proprietary Limited (Registration number 1996/004736/07), a private company registered and incorporated in terms of the laws of South Africa;
<b>"IFRS"</b>	International Financial Reporting Standards;
<b>"Java Capital"</b>	collectively, Java Capital Proprietary Limited (Registration number 2012/089864/07), and Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), private companies incorporated and registered in terms of the laws of South Africa, full details of which are set out in the "Corporate Information" section;
<b>"JSE"</b>	Johannesburg Stock Exchange being the exchange operated by the JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act (Act 19 of 2012), as amended and a public company registered and incorporated in terms of the laws of South Africa;
<b>"King IV™"</b>	the Institute of Directors in Southern Africa's King IV Report on Corporate Governance™ for South Africa, 2016 in its entirety, inclusive of all parts, sections, chapters and supplements that make up the King IV™ Report;
<b>"Listings Requirements"</b>	the Listings Requirements, as issued by the JSE from time to time;
<b>"m<sup>2</sup>"</b>	square metres;
<b>"own-name dematerialised shareholders"</b>	shareholders holding dematerialised shares and who have instructed their CSDP to hold their shares in their own name on the sub-register of shareholders maintained by a CSDP or broker in South Africa;
<b>"property" or "Pier 14" or "property portfolio"</b>	the property known as Pier 14, comprising the property portfolio;
<b>"R" or "Rand" or "ZAR"</b>	the South African Rand, the lawful currency of South Africa;
<b>"REIT"</b>	Real Estate Investment Trust, a company listed on the JSE which has received REIT status in terms of the Listings Requirements;
<b>"shares" or "ordinary shares" or "Castlevue shares"</b>	ordinary shares of Castlevue of no par value;

<b>"SARB"</b>	South African Reserve Bank;
<b>"SENS"</b>	Stock Exchange News Service of the JSE;
<b>"South Africa"</b>	the Republic of South Africa;
<b>"Strate"</b>	Strate Proprietary Limited (Registration number 1998/022242/07), a private company which is registered in terms of the Financial Markets Act responsible for the electronic settlement system of the JSE;
<b>"transfer secretaries" or "Link Market Services"</b>	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company registered and incorporated in terms of the laws of South Africa, full details of which are set out in the "Corporate information" section;
<b>"Urban Retail"</b>	Urban Retail Property Investments 1 Proprietary Limited (Registration number 2016/223649/07), a private company, registered and incorporated in terms of the laws of South Africa, the controlling shareholder of the company. Urban Retail is a wholly-owned subsidiary of Investment Property Equity En Commandite Partnership;
<b>"yield"</b>	the distribution available to a holder of a share in any financial year divided by the market price of that share.

# CORPORATE INFORMATION

## Registered office

Castleview Property Fund Limited  
(Registration number 2017/290413/06)  
411 The Hills, Buchanan Square  
160 Sir Lowry Road  
Woodstock  
Cape Town, 7925  
(PO Box 55240, Sunset Beach, Cape Town, 7435)

## Corporate advisor

Java Capital Proprietary Limited  
(Registration number 2002/031862/07)  
6A Sandown Valley Crescent  
Sandown  
Sandton, 2196  
(PO Box 522606, Saxonwold, 2132)

## Legal advisor

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

## Independent property valuer

Mills Fitchet Magnus Penny Proprietary Limited  
(Registration number 1996/004736/07)  
Suite 303, 3rd Floor, Newspaper House  
122 St. George's Mall,  
Cape Town, 8001  
(PO Box 4442, Cape Town, 8000)

## Bankers

Absa Bank Limited  
(Registration number 1986/004794/06)  
3rd Floor, Absa Towers East  
160 Main Street  
Johannesburg, 2001  
(PO Box 7335, Johannesburg, 2000)

## Company secretary

Statucor Proprietary Limited  
(Registration number 1989/005394/07)  
8th Floor, 129 Hertzog Boulevard  
Foreshore  
Cape Town, 8001  
(PO Box 3883, Cape Town, 8000)

## Designated advisor

Java Capital Trustees and Sponsors Proprietary Limited  
(Registration number 2006/005780/07)  
6A Sandown Valley Crescent  
Sandown  
Sandton, 2196  
(PO Box 522606, Saxonwold, 2132)

## Independent Reporting Accountants

Nolands Jhb Inc.  
(Registration number 2006/008947/21)  
Unit A, 363 Surrey Avenue  
Ferndale  
Randburg, 2194  
(PO Box 2971, Pinegowrie, 2123)

## Transfer secretaries

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor  
19 Ameshoff Street  
Braamfontein, Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

## Place and date of Incorporation

Incorporated in South Africa on 6 July 2017

## Independent Auditors

Nolands Inc.  
(Registration number 2000/004145/21)  
Noland House  
River Park, River Lane  
Mowbray, Cape Town, 7700

# GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Property investment
<b>Directors</b>	JWA Templeton E Kruger RG Volks A Padayachee DJ Green GC Bayly
<b>Registered office</b>	411 The Hills Buchanan Square 160 Sir Lowry Road Woodstock 7925
<b>Business address</b>	411 The Hills Buchanan Square 160 Sir Lowry Road Woodstock 7925
<b>Parent company</b>	Urban Retail Property Investments 1 (Pty) Ltd incorporated in South Africa
<b>Auditors</b>	Nolands Incorporated Registered Auditors
<b>Company secretary</b>	Statucor (Pty) Ltd
<b>Level of assurance</b>	These financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008.
<b>Preparer</b>	The consolidated and separate financial statements were internally compiled by: Elana Kruger CA (SA)

